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100TH CONGRESS *1st Session*	SENATE	REPORT 100-203

AGRICULTURE, RURAL DEVELOPMENT, AND RELATED AGENCIES APPROPRIATION BILL, 1988

OCTOBER 20 (legislative day, OCTOBER 16), 1987.—Ordered to be printed

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Mr. BURDICK, from the Committee on Appropriations, submitted the following

REPORT

[To accompany S. 1800]

The Committee on Appropriations reports the bill (S. 1800) making appropriations for Agriculture, Rural Development, and Related Agencies programs for the fiscal year ending September 30, 1988, and for other purposes, and submits the following explanation of its recommendations.

TOTAL OBLIGATIONAL AUTHORITY, FISCAL YEAR 1988

Amount of bill as reported to Senate	$56,802,469,000
Amount of 1987 appropriations acts to date	54,681,185,000
Amount of estimates, 1988	54,750,521,000
The bill as reported to the Senate:	
Over the appropriations provided in 1987	2,121,284,000
Over the estimates for 1988	2,051,948,000

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BREAKDOWN BY TITLE

The amounts of obligational authority for each of the five titles are shown in the following table. A detailed tabulation, showing comparisons, appears at the end of this report. Recommendations for individual appropriation items, projects and activities are carried in this report under the appropriate item headings.

	1987	1988 Committee recommendation
Title I: Agricultural programs	$27,937,486,000	$24,075,684,000
Title II: Rural development and assistance programs	6,144,758,000	10,655,203,000
Title III: Domestic food programs	15,641,088,000	16,555,770,000
Title IV: International programs	1,174,503,000	1,167,688,000
Title V: Related agencies	480,070,000	522,661,000
Total, new budget (obligational) authority	51,377,905,000	52,977,006,000
Transfers from section 32	3,303,280,000	3,825,463,000
Total obligational authority	54,681,185,000	56,802,469,000

COMPLIANCE WITH SECTION 308 OF THE BUDGET CONTROL ACT

Section 308(a) of the Budget Control Act (Public Law 93–344) requires that this Committee include in its report specific budgetary information on the status of recommended appropriations relative to the First Concurrent Resolution. The following table provides these data:

BUDGETARY IMPACT OF BILL

PREPARED BY THE CONGRESSIONAL BUDGET OFFICE PURSUANT TO SEC. 308(a), PUBLIC LAW 93–344, AS AMENDED

[In millions of dollars]

	Budget authority		Outlays	
	Committee allocation	Amount in bill	Committee allocation	Amount in bill
Comparison of amounts in the bill with the Committee allocation to its subcommittees of amounts in the First Concurrent Resolution for 1988: Subcommittee on Agriculture, Rural Development and Related Agencies	35.58	[1] 56.966	28.12	[2] 28.102
Projections of outlays associated with budget authority recommended in the bill:				
1988				[3] 25.284
1989				2.362
1990				213
1991				91
1992 and future year				−187
Financial assistance to State and local governments for 1987 in the bill		9.214		7.990
	Direct loans		Loan guarantees	
Credit authority estimates, fiscal year 1988	6.38	6.161	3.12	3,099

[1] Includes section 32 permanent appropriation plus an amount for the Commodity Credit Corporation that is not scored as budget authority under section 302 of the Budget Act.

[2] Includes outlays from prior-year budget authority.

[3] Excludes outlays from prior-year budget authority.

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OVERVIEW AND SUMMARY OF THE BILL

The Agriculture, Rural Development, and Related Agencies appropriations bill provides funding for a wide array of Federal programs, mostly in the U.S. Department of Agriculture [USDA]. These programs include agricultural research and extension activities, a variety of conservation programs, farm income and commodity price support programs, a number of marketing and inspection activities, several domestic food programs, and the various export and international activities of USDA. The rural development title of the bill includes funding levels for Farmers Home Administration and Rural Electrification Administration programs. The bill also provides funding for the Food and Drug Administration and the Commodity Futures Trading Commission, and establishes a limitation on the administrative expenses of the Farm Credit Administration.

Given the budetary constraints that the Committee faces, the bill as reported provides the proper amount of emphasis on agricultural and rural development programs. It is within the subcommittee's 302(b) allocation and funds high priority programs in the full amount necessary despite what the President may have requested or what the congressional budget resolution may have assumed.

Many popular programs that were proposed for elimination or significant reduction by the President, have been restored. Several examples include the extension programs, agricultural research programs, rural electrification loan levels, conservation cost-share programs, and the Farmers Home Administration rural development and rural housing grant and loan programs.

Of significant importance is the Committee's treatment of the "Commodity Credit Corporation" account. While the Committee has provided the full reimbursement estimate of $21,133,658,000, the Committee also recommends an increase in the borrowing authority of the Commodity Credit Corporation from $25,000,000,000 to $40,000,000,000. This increase in borrowing authority will give the Commodity Credit Corporation more flexibility than it has had in recent years. Because it has constantly been up against its current $25,000,000,000 borrowing authority limit, and because the estimates for reimbursements to the account have been insufficient, the Corporation has shut down its operations several times in the last few years. This occurrence has then required supplemental appropriations in order to keep the Commodity Credit Corporation running. The increase in borrowing authority provided in this bill will avoid the need for such supplemental appropriations in the future.

The nutrition programs are funded to the full extent necessary to meet current estimates of participation and need. In the Food Stamp Program, these estimates provide for a significant increase over the amount requested by the President. Significant increases are also included for the feeding program for women, infants, and children [WIC], the Nutrition Assistance for Puerto Rico Program, and the Commodity Supplemental Food Program.

The Committee has also provided a Public Law 480 program level that will allow for a slight increase in commodities shipped abroad. The President's budget, as well as the budget resolution, both contain decreases for this program.

As reflected on the front page of this report, the Committee's recommendation is in excess of the fiscal year 1987 level, as well as the President's budget request. The increase over the fiscal year 1987 level is largely comprised of an increase in the Farmers Home Administration reimbursement accounts of $2,758,000,000. These accounts provide reimbursements for past year losses. Because the accounts were not fully funded in fiscal year 1987, the unreimbursed amounts have carried over into fiscal year 1988.

Other significant increases over the fiscal year 1987 level are $1,388,000,000 for the Conservation Reserve Program and $996,000,000 for the Food Stamp Program. This year is the first year for an appropriation for the Conservation Reserve Program; therefore, it was not funded in the fiscal year 1987 appropriation amount. The food stamp appropriation is based on current estimates for participation and food costs, both of which have changed significantly since fiscal year 1987. A significant decrease from 1987 is for the Commodity Credit Corporation reimbursement in the amount of $4,228,000,000.

The Food Stamp Program is also responsible for a major part—$893,000,000—of the increase over the President's budget request. In addition, the Committee has provided an increase of $389,000,000 over the President's request to fully fund the conservation programs, as well as an increase for carrying out the conservation provisions of the Food Security Act of 1985.

All accounts in the bill have been closely examined to ensure that an appropriate level of funding is provided to carry out the programs of USDA, FDA, and CFTC. Details on each of the accounts, the funding level, and the Committee's reasonings behind the funding levels are included in the report.

TITLE I—AGRICULTURAL PROGRAMS

Production, Processing, and Marketing

Department of Agriculture

Office of the Secretary

1987 appropriation	$11,683,000
1988 budget estimate	1,872,000
Committee recommendation	1,872,000

The Secretary of Agriculture, assisted by the Deputy Secretary, Under Secretaries and Assistant Secretaries, and members of their immediate staffs, directs and coordinates the work of the Department. This includes developing policy, maintaining relationships with agricultural organizations and others in the development of farm programs, and maintaining liaison with the Executive Office of the President and Members of Congress on all matters pertaining to agricultural policy.

The general authority of the Secretary to supervise and control the work of the Department is contained in the Organic Act (7 U.S.C. 2201–2202). The delegation of regulatory functions to Department employees and authorization of appropriations to carry out these functions is contained in 7 United States Code 450c–450g.

COMMITTEE RECOMMENDATIONS

For the Office of the Secretary, the Committee recommends an appropriation of $1,872,000. This amount is $9,811,000 less than the 1987 amount and the same as the budget request. The 1987 appropriation included $10,000,000 for investigations. The Committee continues the practice of appropriating funds for the Under and Assistant Secretaries in separate accounts.

SUGAR IMPORTS

The Committee is concerned by reports that imports of sugar-containing products, including sugar blends, from other countries, primarily Canada, have grown drastically. These imports can impact significantly on the effectiveness of the U.S. sugar program. The Committee notes that this issue is under review by the Department and expects the Secretary to compile the information in a timely manner so that appropriate steps can be taken to assure the viability of the sugar industry and program.

OFFICE OF THE ASSISTANT SECRETARY FOR ADMINISTRATION

1987 appropriation	$470,000
1988 budget estimate	524,000
Committee recommendation	524,000

The Office of the Assistant Secretary for Administration directs and coordinates the work of the departmental staff in carrying out the laws enacted by the Congress relating to accounting functions, real and personal property management, automated data processing, personnel management, development and dissemination of departmental information resources management, and other general administrative functions. In addition, the Office of the Assistant Secretary is responsible for all activities financed under the Department Working Capital Fund (7 U.S.C. 2235).

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Administration, the Committee recommends an appropriation of $524,000, $54,000 more than the amount for 1987, and the same as the budget request.

SPACE RENTAL AND RELATED COSTS [Rent]

1987 appropriation	$48,728,000
1988 budget estimate	56,407,000
Committee recommendation	56,407,000

This appropriation was established by the Agriculture, Rural Development and Related Agencies Appropriations Act of 1983 (Public Law 97–370) to finance the appropriated portion of the payments to the General Services Administration [GSA] for rental of leased space and related services to all USDA agencies except the Forest Service which is funded in another appropriation bill.

Agency budget estimates for Rent are based on GSA's projection of what it will charge the agency in a given budget year. GSA sets rates according to the market value of property or space occupied, and independent of any agency input. Rent receipts are placed in a fund used by GSA in the management of its real property operations. All Federal Government agencies utilizing Government-owned or leased property pay into this fund, which provides GSA with a pool of capital to support overall Government space needs. In effect, agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

For USDA space rental and related costs, the Committee recommends an appropriation of $56,407,000, $7,679,000 more than was provided in 1987, and the same as the budget request.

The Committee has continued the provision allowing up to 10 percent of the amount appropriated for this account to be transferred to or from agency accounts if such agencies require additional GSA space or if they vacate GSA space to occupy commercial space, with the understanding that the Committee will be informed of such transfers.

BUILDING OPERATIONS AND MAINTENANCE

1987 appropriation	$18,239,000
1988 budget estimate	21,645,000
Committee recommendation	21,645,000

On October 1, 1984, the General Services Administration [GSA] delegated the operations and maintenance function for the buildings in the D.C. complex to the Department. This activity provides departmental staff and support services to operate, maintain, and repair the five buildings in the D.C. complex. GSA expanded the delegation to include two additional buildings on October 1, 1986. GSA retains responsibility for major nonrecurring repairs.

COMMITTEE RECOMMENDATION

For building operations and maintenance, the Committee recommends an appropriation of $21,645,000. This is $3,406,000 more than the 1987 level and the same as the budget request. The Committee concurs with the President's request of $3,245,000 for a one-time acquisition of systems furniture.

ADVISORY COMMITTEES

1987 appropriation	$1,408,000
1988 budget estimate	1,308,000
Committee recommendation	1,308,000

The Department of Agriculture and several of its agencies utilize advisory committees to provide supplemental and specialized expertise. These advisory committees are comprised of experts and professionals from the academic and private sectors. The Assistant Secretary for Administration is the principal Department officer responsible for performing functions and coordinating activities of these committees.

The following table displays advisory committees in existence during fiscal year 1987:

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)

Policy area and committee title	1988 estimated	
	Membership	Funds
FOOD AND CONSUMER SERVICES		
National Advisory Council on Child Nutrition	19	$32,619
National Advisory Council on Maternal, Infant, and Fetal Nutrition	21	31,453
Total	40	64,072

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

Policy area and committee title	1988 estimated	
	Membership	Funds
SCIENCE AND EDUCATION		
National Agricultural Research and Extension Users Advisory Board	25	$210,800
National Arboretum Advisory Council	16	12,160
Human Nutrition Board of Scientific Counselors	15	26,779
National Plant Genetic Resources Board	18	21,172
Policy Advisory Committee for Science and Education Research Grants Program	17	19,600
Animal Health Science Research Advisory Board	12	19,800
Cooperative Forestry Research Advisory Council	16	30,700
Technical Advisory Committee for Science and Education Grants Program	221	(1)
Committee of Nine	9	32,300
Agriculture Biotechnology Research Advisory Committee	12	114,500
Total	361	487,811
MARKETING AND INSPECTION SERVICES		
Federal Grain Inspection Services Advisory Committee	12	40,000
National Advisory Committee on Meat and Poultry Inspection	18	25,592
Advisory Committees on:		
Foreign Animal and Poultry Diseases	23	31,322
Swine Health Protection	18	14,304
Instruments and Standards for Cotton	14	27,186
General Conference Committee of the National Poultry Imp. Plan	10	7,210
Plant Variety Protection Board	17	6,750
National Animal Damage Control Advisory Committee	(2)	30,600
Total	112	182,964
INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS		
Agricultural Policy Advisory Committee for Trade	51	14,000
Technical Advisory Committees for Trade in:		
Cotton	18	13,000
Fruits and Vegetables	23	13,000
Grain and Feed	24	14,000
Livestock and Livestock Products	17	14,000
Oilseeds and Oilseed Products	8	13,000
Poultry and Eggs	12	13,000
Tobacco	11	13,000
Dairy Products	16	13,000
Agribusiness Promotion Council	30	14,000
Agricultural Export Enhancement Advisory Group	8	1,500
National Advisory Committee on Futures and Options Trading	13	27,600
Total	218	163,100
SMALL COMMUNITY AND RURAL DEVELOPMENT		
National Advisory Council on Rural Development	38	88,450
National Commission on Agriculture and Rural Development Policy	17	
ECONOMICS		
National Agricultural Cost of Production Standards Review Board	11	30,500

See footnotes at end of table.

ADVISORY COMMITTEES (EXCLUDING FOREST SERVICE)—Continued

Policy area and committee title	1988 estimated	
	Membership	Funds
DEPARTMENTAL ADMINISTRATION		
Citizen's Advisory Committee on Equal Opportunity	22	$70,861
New requirements and contingencies		220,242
Total, advisory committees	802	1,308,000

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[1] Section 1409 of the Food Security Act of 1985 exempted this committee from the Federal Advisory Committee Act. It wil be funded in CSRS in fiscal year 1988.

[2] Committee is in the process of being established.

COMMITTEE RECOMMENDATIONS

For advisory committees for the Department of Agriculture, the Committee recommends an appropriation of $1,308,000. This amount is $100,000 less than the appropriation for fiscal year 1987, and the same as the budget estimate.

The Committee notes with interest the formation of the National Animal Damage Control Advisory Committee. Because of the recent transfer of the Animal Damage Control Program to USDA, the Committee expects the Department to utilize this committee to develop a national program.

DEPARTMENTAL ADMINISTRATION

1987 appropriation	$21,996,000
1988 budget estimate	35,036,000
Committee recommendation	35,036,000

The departmental staff offices provide staff support to the top policy officials of the Department and overall direction and coordination of the work of USDA's program agencies to ensure the efficient and effective management and operation of the Department.

Activities carried out by the departmental staff offices include:

—Overall direction and administration of the Department's budgetary functions including development, presentation, execution control, reporting, and adjustment of funds and manpower resources; evaluation of program and legislative proposals for program, budget, and related resource implications; and analysis of program and resource issues and alternatives, and preparation of summaries of pertinent data to aid departmental policy officials and agency program managers in the decisionmaking process;

—Departmental leadership, oversight, and policy development in the areas of real and personal property, procurement, contracts, financial affairs, management improvement, and automated data processing;

—Guidance in and support of the personnel management program of the Department;

—Overall leadership and coordination for the Department's programs for equal opportunity and civil rights; implementation and administration of programs under sections 8 and 15 of the Small Business Act; and direction of the Department's efforts to further the participation of minority colleges and universities in departmental programs; direction and monitoring of compliance in promoting full and open competition in procurement;

—Departmental leadership, development, and evaluation of programs in finance, accounting, Federal assistance, occupational safety and health, travel, productivity improvement, management improvement; and provision of budget, accounting, and fiscal services to the Office of the Secretary and Departmental staff offices;

—Administration of regulatory hearings and decisions by the administrative law judges who hold rulemaking and adjudicatory hearings and issue initial decisions and orders, and by the judicial officer who serves as final deciding officer in regulatory proceedings;

—Development and dissemination of departmental information resources management [IRM] standards, guidelines, rules, and regulations necessary to implement approved IRM principles, policies, and programs that improve the operational effectiveness of USDA's programs; provision of telecommunications and automated data processing [ADP] services to USDA agencies and staff offices;

—Development of policies and procedures to minimize and control burdens associated with collection of information by the Department from individuals, businesses, and other private institutions, and State and local governments;

—Development of policies and procedures to provide required long-range IRM planning for the Department and to guide the planning of its agencies; and

—Development of policies and procedures for the required review, monitoring, and oversight of major agency and departmental information resources management programs.

COMMITTEE RECOMMENDATIONS

For departmental administration, the Committee recommends an appropriation of $35,036,000. This is $13,040,000 more than the amount provided in 1987 and the same as the budget estimate.

The Committee has provided the $10,000,000 requested by the President for hazardous waste cleanup, containment and inspections as required by the recently enacted Superfund legislation.

WORKING CAPITAL FUND—CAPITALIZATION

1987 appropriation	$5,708,000
1988 budget estimate	6,000,000
Committee recommendation	6,000,000

The USDA Working Capital Fund was authorized in 1944 by 7 United States Code 2235 and is used to finance services provided to USDA agencies on a centralized basis. Under the law, only activities approved by the Director of OMB may be carried out under the fund.

The fund received an initial appropriation of $400,000 in 1944. Over the years additional working capital has been made available through initial transfers as activities were brought into the fund and through congressional authorizations to receive growth capital from serviced USDA agencies. Working Capital Fund operations are financed by charging user agencies the actual costs of providing the centralized services they require. The following services are performed for the agencies and financed through the Working Capital Fund: central supply and other central services; reproduction services; motion picture, photographic, and other visual information services; National Finance Center activity; and automated data processing [ADP] services.

COMMITTEE RECOMMENDATIONS

For additional capital for the Working Capital Fund, the Committee recommends an appropriation of $6,000,000. This amount is the same as the budget request and $292,000 more than the amount available in fiscal year 1987.

OFFICE OF THE ASSISTANT SECRETARY FOR GOVERNMENTAL AND PUBLIC AFFAIRS

1987 appropriation	$331,000
1988 budget estimate	368,000
Committee recommendation	368,000

The Office of the Assistant Secretary for Governmental and Public Affairs serves as the central organization to insure consistency and coordination of the Department's public information and external affairs activities, to maintain liaison with the Congress and White House on legislative matters, and to maintain liaison with State and local governments.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Governmental and Public Affairs, the Committee recommends an appropriation of $368,000. This amount is $37,000 more than the amount available in 1987 and is the same as the budget estimate.

OFFICE OF GOVERNMENTAL AND PUBLIC AFFAIRS

PUBLIC AFFAIRS

1987 appropriation	$7,481,000
1988 budget estimate	7,750,000
Committee recommendation	7,750,000

The Public Affairs Office provides direction, leadership, and balance in the development and delivery of useful information through all media to the public on USDA's research, educational, and regulatory activities. It also serves as the focal point for liaison between the Department and the public, including the many associations and companies representing America's food and fiber system, with emphasis on policy education.

COMMITTEE RECOMMENDATIONS

For the Public Affairs Office, the Committee recommends an appropriation of $7,750,000. This is $269,000 more than the amount provided in 1987 and the same as the budget estimate. The recommended level includes $500,000 for the 1988 Yearbook of Agriculture.

CONGRESSIONAL RELATIONS

1987 appropriation	$465,000
1988 budget estimate	512,000
Committee recommendation	512,000

The Congressional Relations Office maintains liaison with the Congress and the White House on legislative matters of concern to the Department and exercises responsibility for the coordination of all congressional matters except budgetary affairs of the Department.

COMMITTEE RECOMMENDATIONS

For the Congressional Relations Office, the Committee recommends an appropriation of $512,000, which is $47,000 more than the 1987 amount and the same as the budget estimate.

INTERGOVERNMENTAL AFFAIRS

1987 appropriation	$440,000
1988 budget estimate	478,000
Committee recommendation	478,000

The Intergovernmental Affairs Office directs and coordinates all programs involving the implementation of USDA policies and procedures applicable to the Department's intra- and intergovernmental affairs.

COMMITTEE RECOMMENDATIONS

For the Intergovernmental Affairs Office, the Committee recommends an appropriation of $478,000, which is $38,000 more than the 1987 amount and the same as the budget request.

Office of the Inspector General

1987 appropriation	$45,483,000
1988 budget estimate	50,092,000
Committee recommendation	50,092,000

The Office of the Inspector General [OIG] was established by law October 12, 1978, by the Inspector General Act of 1978. This act expanded and provided specific authorities for the activities of the Office of the Inspector General which had previously been carried out under the general authorities of the Secretary of Agriculture.

The inspector general:

—Provides policy direction and conducts, supervises, and coordinates all audits and investigations;

—Reviews existing and proposed legislation and regulations and makes recommendations to the Secretary and Congress regarding the impact such initiatives will have on the economy and efficiency of the Department's programs and operations, and the prevention and detection of fraud and abuse in such programs;

—Recommends policies for and conducts, supervises, or coordinates other activities in the Department whose purposes are to promote economy and efficiency or prevent and detect fraud and abuse;

—Recommends policies for and conducts, supervises, or coordinates relationships between the Department and other Federal, State, and local government agencies concerning: (*a*) promoting economy and efficiency; (*b*) preventing and detecting fraud and abuse; and (*c*) identifying and prosecuting people involved in fraud or abuse; and

—Keeps the Secretary and the Congress fully and currently informed about fraud, other serious problems, abuses, and deficiencies in Department programs and operations, recommends corrective action, and reports on the progress made in correcting the problem.

COMMITTEE RECOMMENDATIONS

For the Office of the Inspector General, the Committee recommends an appropriation of $50,092,000. This amount is $4,609,000 more than the amount available in 1987, and the same as the budget request. This increase will enhance OIG's ability to carry out its new responsibilities and programs created by the Food Security Act of 1985.

OFFICE OF THE GENERAL COUNSEL

1987 appropriation	$17,670,000
1988 budget estimate	19,765,000
Committee recommendation	19,765,000

The Office of General Counsel was established in 1910, and the General Counsel, as chief law officer of the Department, is responsible for providing legal services for all programs, operations, and activities of the Department. The General Counsel is assisted by a Deputy General Counsel and four Associate General Counsels, each of whom is responsible for a portion of the legal work of the Department. The functions of this office are performed in the Washington office and in 22 field offices.

The field offices handle legal work relating to the activities of the Agricultural Stabilization and Conservation Service, Commodity Credit Corporation, Farmers Home Administration, Federal Crop Insurance Corporation, Forest Service, Soil Conservation Service, and the Food and Nutrition Service. By delegation of the General Counsel, legal work relating to other programs and activities of the Department may be handled by a field office.

COMMITTEE RECOMMENDATIONS

For the Office of the General Counsel, the Committee recommends an appropriation of $19,765,000. This amount is $2,095,000 more than the amount provided in 1987 and the same as the budget request. This increase will allow the Office of the General Counsel to fully fund 385 staff-years in order to meet USDA's expanded legal needs.

OFFICE OF THE ASSISTANT SECRETARY FOR ECONOMICS

1987 appropriation	$461,000
1988 budget estimate	509,000
Committee recommendation	509,000

The Office of the Assistant Secretary for Economics provides direction and coordination in carrying out the laws enacted by the Congress in the area of economics, statistics, and other social sciences research, analysis, and information related to food, agriculture, and rural resources. The Office has oversight and management responsibilities for the National Agricultural Statistics Service, Economic Research Service, World Agricultural Outlook Board, economic analysis staff, economic management staff, and the Office of Energy.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Economics, the Committee recommends an appropriation of $509,000, which is $48,000 more than the 1987 amount and the same as the budget request.

ECONOMIC RESEARCH SERVICE

1987 appropriation	$44,977,000
1988 budget estimate	48,723,000
Committee recommendation	48,923,000

The Economic Research Service [ERS], originally established in 1961 principally under the authority of the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627), was reestablished under the authority of the Secretary of Agriculture as a USDA bureau in 1981.

ERS produces economic and other social science information as a service to the general public and to aid Congress and the executive branch in developing, administering, and evaluating agricultural and rural policies and programs. ERS monitors, analyzes, and forecasts United States and world agricultural production and demand for production resources, agricultural commodities, and food and fiber products. ERS also measures the costs of and returns to agricultural production and marketing; evaluates the economic performance of U.S. agricultural production and marketing; and estimates the effects of Government policies and programs on farmers, rural residents and communities, natural resources, and Americans in general. In addition, ERS produces economic and other social science information about the organization and institutions of the United States and world agricultural production and marketing systems, natural resources, and rural communities.

ERS-produced information is made widely available to the general public through research monographs, situation and outlook reports, professional and trade journals (including ERS's journal, Agricultural Economics Research), magazines (including ERS's magazines, Agricultural Outlook, Farmline, National Food Review, and Rural Development Perspectives), radio, television, newspapers, direct computer access, and frequent participation of ERS staff at various public forums.

COMMITTEE RECOMMENDATIONS

For the Economic Research Service, the Committee recommends an appropriation of $48,923,000. This amount is $3,946,000 more than the 1987 amount and is $200,000 more than the budget request. The Committee expects ERS to restore its cooperative research efforts with universities.

The Committee has provided a $200,000 increase to enable ERS to increase the sample size for the farm costs and returns survey. This survey is an extremely useful policy tool, and the larger sample size will enhance the accuracy of State-level estimates of cost of production, financial condition, and other economic indicators.

NATIONAL AGRICULTURAL STATISTICS SERVICE

1987 appropriation	$57,889,000
1988 budget estimate	62,678,000
Committee recommendation	63,238,000

The primary responsibilities of the National Agricultural Statistics Service [NASS] (formerly known as the Statistical Reporting Service) are the development and issuance of national and State agricultural statistics, statistical research, and coordination of the Department's statistical programs as authorized under the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627).

NASS programs are conducted in the following major areas:

Crop and livestock estimates.—This area includes estimates of production, supply, price, and other aspects of the agricultural economy; conduct of enumerative and objective measurement surveys; preparation and issuance of the official national and State estimates and reports of the Department relating to acreages, types and production of farm crops, number of livestock on farms, livestock products, stocks of agricultural commodities, value and utilization of farm products, prices received and paid by farmers, and other subjects as required.

Statistical research and service.—This area includes the research on and development of improved statistical techniques used in gathering and evaluating statistical data, including use of satellite data.

Work performed for others.—Services are performed for other Federal and State agencies and private commodity organizations on a reimbursable or advance payment basis. These services consist primarily of conducting surveys and performing related statistical data collection activities. They also include technical consultation and support and technical assistance programs abroad under participating agency service agreements.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Statistics Service, the Committee recommends an appropriation of $63,238,000. This is $5,349,000 more than the amount provided in 1987 and $560,000 more than the budget estimate.

The Committee has provided an increase of $500,000 to restore the compilation of information for and production of the "Catfish Processors and Growers Survey" and the annual "Aquaculture Situation Outlook" report. These publications are of tremendous importance for future planning, development, and market expansion of the aquaculture industry, particularly the farm-raised catfish industry.

An increase of $45,000 is provided to reinstate the quarterly barley stocks reports and $15,000 to reinstate the July and September barley production reports. These reports are extremely important to barley marketing efforts and will enable barley producers to plan marketing and other activities more accurately.

The Committee also expects NASS to continue the dry pea and lentil annual crop report and the annual report on white wheat.

WORLD AGRICULTURAL OUTLOOK BOARD

1987 appropriation	$1,644,000
1988 budget estimate	1,790,000
Committee recommendation	1,790,000

The World Agricultural Outlook Board serves as the single focal point for the Nation's economic intelligence related to domestic and international food and agriculture with the responsibility for coordinating and reviewing for clearance all commodity and aggregate agricultural and food-related data used to develop outlook and situation material within the Department of Agriculture. The Board's primary objective is to improve the consistency, objectivity, and reliability of outlook and situation material developed in the Department.

The Board's functions include information dissemination; market surveillance; coordination of international and domestic agricultural developments; and coordination of weather, climate and remote sensing research and forecasting techniques.

COMMITTEE RECOMMENDATIONS

For the World Agricultural Outlook Board for fiscal year 1988, the Committee recommends an appropriation of $1,790,000. This amount is $146,000 more than the amount provided in 1987 and the same as the budget estimate.

OFFICE OF ASSISTANT SECRETARY FOR SCIENCE AND EDUCATION

1987 appropriation	$363,000
1988 budget estimate	403,000
Committee recommendation	403,000

The Office of the Assistant Secretary for Science and Education provides direction and coordination in carrying out the laws enacted by the Congress for food and agricultural research, extension, and teaching efforts. The Office has oversight and management responsibilities for the Agricultural Research Service, the Extension Service, the Cooperative State Research Service, and the National Agricultural Library.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Science and Education, the Committee recommends an appropriation of $403,000. This amount is $40,000 more than the fiscal year 1987 amount and the same as the budget request.

AGRICULTURAL RESEARCH SERVICE

1987 appropriation	$518,237,000
1988 budget estimate	534,389,000
Committee recommendation	548,994,000

The Agricultural Research Service [ARS] is responsible for conducting basic, applied, and developmental research on: soil and water conservation; plant productivity; animal productivity; commodity conversion and delivery; human nutrition; and integration of agricultural systems.

The research applies to a wide range of goals, commodities, natural resources, fields of science, and geographic, climatic, and environmental conditions.

As the U.S. Department of Agriculture's in-house agricultural research unit, ARS has major responsibilities for conducting and leading the national agricultural research effort. It provides initiative and leadership in five areas: research on broad regional and national problems; research to support Federal action and regulatory agencies; expertise to meet national emergencies; research support for international programs; and scientific resource to the executive branch and Congress.

The mission of ARS research is to develop new knowledge and technology which will ensure an abundance of high quality agricultural commodities and products at reasonable prices to meet the increasing needs of an expanding economy and to provide for the continued improvement in the standard of living of all Americans. This mission focuses on the development of technical information and technical products which bear directly on the need to (1) manage and use the Nation's soil, water, air, and climatic resources, and improve the Nation's environment; (2) provide an adequate supply of agricultural products by observing practices that will maintain a permanent and effective agriculture; (3) improve the nutrition and well-being of the American people; (4) improve living in rural America; and (5) strengthen the Nation's balance of payments.

COMMITTEE RECOMMENDATIONS

Salaries and expenses.—For salaries and expenses of the Agricultural Research Service, the Committee recommends $548,994,000, $14,605,000 more than the budget request and $30,757,000 above the 1987 level.

The amount provided by the Committee includes $2,000,000 for the special fund. These funds are used to strengthen work at Federal research installations in the field by employing junior scientific help under contracts and cooperative agreements.

Germplasm.—The budget request proposes a significant increase for germplasm collection, maintenance, and evaluation which the Committee supports. Also supported, however, is increased germplasm enhancement and the Committee expects added emphasis in this area.

Nutrition research.—The Committee recommends an increase of $5,500,000 over the budget request for human nutrition research. This increase shall be allocated as follows:

Beltsville	$500,000
Grand Forks	500,000
Tufts University	1,000,000
Baylor College of Medicine	3,000,000
Western	500,000

Citrus research.—The Committee remains concerned about the presence of citrus canker in Florida and believes the important research being jointly conducted by ARS and the University of Florida will lead to a better understanding of this disease and to a better means of eradication than the current method of burning infected trees. Therefore, the Committee directs ARS to continue the funding for the citrus canker program on at least the same level as in 1987, and with the same proportion of these funds going to the University of Florida and the ARS facility at Orlando, FL.

Barley research.—The Committee expects the Department to maintain its barley research program, as well as to increase its barley germplasm evaluation, enhancement, and storage programs. The Committee is concerned that the development of a control for the barley yellow dwarf virus is not taking place on a coordinated basis. While several different private research workers are working on it in conjunction with the Department of Agriculture, the Committee expects the Department to take the lead role in the development and implementation of this program and requests a report on the progress achieved in this area during fiscal year 1987 and the efforts planned for 1988 by January 1, 1988.

Forage Seed Research Center.—The Committee recommends $180,000 for the Forage Seed Research Center in Corvallis, OR. Construction of this facility is now complete, and this funding will provide the final staff position at the center.

Peach research.—The Committee has included an increase over the 1987 level of $160,000 for research at the Appalachian Fruit Research Laboratory. This increase will provide additional equipment to accelerate the research capabilities at the facility for peaches and apples.

Soil and water conservation.—The Committee recommends an increase above the 1987 level of $200,000 for the Appalachian Soil and Water Conservation Laboratory at Beckley, WV. These funds are provided to establish a cropping management system on marginal soils of the Appalachian region.

Potato research.—The Committee notes the proposal of the National Potato Council for a national research effort totaling almost $9,000,000. Given the predominance of the potato in the national diet, but recognizing the present fiscal realities, the Committee recommends an increase of $2,950,000 in addition to the research and amounts embodied in the budget request for potato research. This amount is comprised of $650,000 for ring rot disease, $500,000 for early dying disease, $800,000 for varietal development, and $1,000,000 for marketing. The Committee expects ARS to work with the National Potato Council on this research and to direct the research to those facilities and universities that have expertise or ongoing programs in these areas.

In addition, the Committee remains concerned about funding for the potato research laboratory at East Grand Forks, MN. This facility is an excellent example of a cooperative research effort using Federal, State, and private funds. However, USDA's commitment has fallen short and funding is needed to provide technical and operating support for the laboratory. Included in the recommendation is $656,000 for this facility, an increase of $250,000 over the 1987 level.

The Committee also includes an increase of $54,000 for the first-year funding of a proposal by the Maine Potato Council to enable the testing of advanced selections from potato breeding programs outside of the laboratory.

The Committee also directs that the tri-State potato breeding program for Oregon, Washington, and Idaho be continued at the current level.

Pesticide application research.—The Committee recommends an increase of $500,000 to establish multidiscipline research at the Delta States Regional Research Center at Stoneville, MS, to develop innovative application systems for agricultural chemicals that are cost effective and would eliminate adverse effects on the environment. Research should focus on ground and aerial application of insecticides, herbicides, fungicides, and plant growth regulators. The Committee expects ARS to reassign aircraft from existing inventory.

Grasshopper fungus.—Of the funds available for grasshopper fungus research, the Committee directs that $69,000 be designated for the continuation of research on the biological control of grasshoppers at North Dakota State University.

Beltsville Research Center.—The Committee recommends an increase of $4,894,000 above the budget request for facilities improvement at the Beltsville Agricultural Research Center. ARS has budgeted over $8,000,000 for this work—a portion of which comes from research program funds at the Center. With the increase provided, no research should be adversely affected. Furthermore, because the renaissance 93 plan is being reviewed and may be changed to reflect current priorities, the Committee advises that none of these funds are available for the planning or construction of new facilities.

Sunflower and sugar beet research facility.—An additional $500,000 is included for the operation and maintenance of this facility at Fargo, ND. The budget request included funds for research, but not for running the facility. The Committee expects future Department budgets to include full funding for this facility.

U.S. Sheep Experiment Station.—The Committee recognizes the critical need for new equipment and upgrading of facilities at the U.S.

Sheep Experiment Station at Dubois, ID. The Committee recommends an additional $150,000 be used for this purpose.

Pea and lentil research.—The Committee recommends continued funding for pea and lentil research in the Pacific Northwest, which includes a program to control lygus bugs on peas and lentils through the cooperative efforts of the University of Idaho, Washington State University, and the USDA-ARS Insect Laboratory in Yakima, WA.

Furthermore, the Committee expects USDA to review the proposal presented by the USA Dry Pea and Lentil Council and the American Dry Pea and Lentil Association for creation of an Institute of International Cool Season Legume Research Program at Moscow, ID. The Department will report to the Committee on how best to structure the program to meet industry needs and is expected to involve members of the Agency for International Development and other agencies as it deems necessary.

Dairy forage.—The appropriation includes full funding for the Dairy Forage Research Center at Praire du Sac, WI. This research is instrumental in developing better ways to utilize alfalfa and other forages.

Vegetable oils as fuel.—The Committee directs that research being conducted at Moscow, ID, on the use of vegetable oils as a replacement for diesel fuel be continued at the current level.

Biological control.—The Committee continues to recognize the importance of biological control research and its relevance to the control of tropical and subtropical pests which were, heretofore, not introduced or known in the United States. The Committee is impressed with the ongoing research at the University of Florida and urges USDA to cooperate fully with the university in its biological control research.

Bee research.—Within the amount available, the Committee directs ARS to continue work on nonapis pollinators of alfalfa at the 1987 level with emphasis on larval mortality factors. ARS should continue to cooperate with regional universities through extramural agreements.

The Committee encourages the Agricultural Research Service to continue its research on control measures for the varroa mite. The recent infestation of the mite in domestic bee colonies demonstrates the need to know more about the mite and possible control measures.

Morris, MN.—The Committee directs that within the funds available for the ARS facility at Morris, MN, a systems analyst be added to the staff in order to make the research more usable to farmers and livestock producers.

Sugar research.—The Committee directs that up to $300,000 be used to construct a new crossing house at the sugarcane breeding station in Canal Point, FL. The crossing house is needed to continue and expand vital sugarcane breeding projects.

In addition, $650,000 is provided for Hawaii sugarcane research in order to provide for the unique research needs of that State.

Sweet potato research.—The sweet potato white fly (*Bemisia tabaci*) has become an economic pest to vegetable and ornamental horticultural crop producers. The Committee commends ARS and the Institute of

Food and Agricultural Sciences at the University of Florida for their work in identifying a biological control for this pest. The Committee encourages ARS to continue in its efforts to develop a viable biological control for the sweet potato white fly.

Pecan aphid research.—The Committee is concerned with the destruction caused by the pecan aphid which is a severe threat to a number of pecan-producing States. Therefore, additional research on the control of the pecan aphid is recommended.

Soil tilth.—The Committee notes the importance of the National Soil Tilth Center nearing its completion in Ames, IA, and expects the Department to develop a detailed research proposal for the center.

Small farms.—The Committee also recommends full funding for the Small Farms Research Center at Booneville, AR.

Soil and water, South Carolina.—Due to erratic rainfall distribution in the coastal area of the State, research is needed to improve irrigation management. Therefore, within available funds, expansion of research is encouraged at the Coastal Plains Soil and Water Research Center near Florence, SC.

Systematic Entomology Laboratory.—The Committee expresses its strong support for continued full funding of the Systematic Entomology Laboratory. Scientists from all over the country rely on this facility for insect identification to carry on their research.

Muscadines.—The Committee supports continued funding at the 1987 level of $250,000 for support for the muscadine industry, with particular emphasis focused on crown gall disease research. This project is a cooperative effort conducted at Mississippi State University.

Meadowfoam.—Meadowfoam is a wild flowering plant indigenous to Oregon and parts of Northern California and was identified by USDA as one of several plants which had potential for becoming a domestic crop, primarily as a source of seed oil used in the cosmetics industry. The Committee is impressed by improved yield and cost reductions in meadowfoam as a strategic and critical crop. An additional $500,000 has been provided for federally supported research at Peoria to be coordinated with ongoing research at Oregon State University. The Committee encourages State and private entities to provide supplemental research funding and capital investments in order that full commercialization may be expedited.

Sunflowers.—Continuation of the banded moth research at the metabolism and Radiation Laboratory in Fargo, ND, is directed at a level of $35,000.

Ground water quality.—The Committee supports the $2,500,000 increase in funds proposed in the budget for ground water quality research. As noted under the special research grant for water quality through the Cooperative State Research Service, the health and well-being of the United States are very dependent upon the availability of low-cost, high-quality water for domestic, agricultural, industrial, and recreational uses.

Because agriculture in particular depends on wise and efficient use of water resources, the Committee recommends that $400,000 of these funds be allocated for research and development proposed by the Spring and Groundwater Resources Institute of West Virginia.

The Committee notes with dismay that the increase for ground water quality was not included in the Department's explanatory notes on the 1988 budget. This lack of specificity makes it very difficult for Congress to establish and set agricultural research priorities. In the future, the Committee expects the explanatory notes for ARS to discuss fully any shift in research funding and focus.

Land acquisition near Klingerstown, PA.—The Committee proposes bill language which allows the Department to acquire 4 acres of land at the Mahantango Research Watershed near Klingerstown, PA. This provision will ensure continuation of ARS research on the physical and chemical processes of hydraulic and soil systems that control water quantity, water quality, and degradation of the water and soil resources within the Northeastern United States.

General.—The Committee recommends a decrease of $1,500,000 for ARS and expects ongoing research not to be adversely affected.

BUILDINGS AND FACILITIES

1987 appropriation	$37,400,000
1988 budget estimate	1,000,000
Committee recommendation	49,967,000

The "Buildings and facilities" account is established for the acquisition of land, construction, repair, improvement, extension, alteration, and purchase of fixed equipment or facilities of, or used by, the Agricultural Research Service. Routine construction or replacement items would continue to be funded under the limitations contained in the regular account.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $49,967,000 for this account. This amount is $48,967,000 more than the budget estimate and $12,567,000 more than the amount provided in 1987. These funds shall remain available until expended.

The recommendation includes $8,500,000 for the National Center for Food and Industrial Agricultural Product Development at Iowa State University; $50,000 was appropriated in 1987 for a study and the center was found to be feasible.

For upgrading the poultry laboratory and isolation facilities at the University of Arkansas, $500,000 is included. The State of Arkansas is providing support for this project which will enable the study of highly virulent and exotic poultry diseases.

In order to complete construction of the food-human nutrition facility at Washington State University, $11,079,000 is included. In 1987 $2,000,000 was provided to begin this project which will provide research in the areas of animal and plant biotechnology, food quality, food marketing, and food processing. It will also house the Western Wheat Quality Laboratory.

In 1987, $900,000 was provided in initial funding for a regional wheat marketing and demonstration laboratory in Portland, OR. The amount of $6,000,000 above the budget request has been provided for continuation and completion of the Western Regional Wheat Marketing Center in Portland OR. Under this unique public/private, nonprofit enterprise, it is expected that 80 percent of the project costs are provided herein but that the remaining 20 percent will be provided from non-Federal funds, and that 100 percent of the annual operating expenses also will be secured from non-Federal sources.

The Stafford-Aiken Center for Microbiology and Agricultural Science was begun in 1987 with a $900,000 planning grant and $6,000,000 in initial funding. The Committee recommends $3,600,000 to complete this facility.

For the establishment of a poultry research center in conjunction with West Virginia University, $3,750,000 is provided. The center will be located on a farm owned by the university and will include research on broilers and breeders to maximize production of eggs and meat.

The Committee recommends $400,000 for the North Dakota Agricultural Experiment Station to consolidate its research facilities maintenance and repair operations and to provide a hands-on mechanization laboratory for research and teaching purposes. This amount will be augmented by State and local funds and will allow researchers to construct or modify agricultural implements to suit their needs.

The Committee concurs with the budget request of $1,000,000 for planning and design of the National Seed Storage Laboratory in Fort Collins, CO.

The University of Arizona has allocated $13,280,000 for construction of an agricultural biotechnology laboratory and insect science center. The Committee recommends $6,100,000 to complete this facility. It will house research programs designed to exploit modern molecular approaches to agricultural science.

In 1987, Congress requested a report on the need for a high containment research facility for studying poultry diseases. That report concluded that such a facility is an absolute necessity for research on Newcastle disease and avian influenza. Because of the existing facilities at the Southeast Poultry Research Laboratory in Athens, GA, the report recommended the addition of a high containment animal laboratory wing at this location. Therefore, $2,500,000 is included for this purpose.

The recommendation includes $5,000,000 as the first of two equal Federal contributions to an agriculture sciences research facility at Oregon State University in Corvallis, OR. The Committee notes that $14,500,000 in State funds already have been approved for the project.

For a feasibility study, planning and design of a national cooperative center for the technological development of natural products at the University of Mississippi; $1,000,000 is provided. The Committee expects the planning and design to proceed only to the extent the facility is feasible. The planning and designing should be in cooperation with the State Agricultural Experiment Station at Mississippi State University and the Institute of Polymer Science at the University of Southern Mississippi. In addition, the Committee expects that input will be sought from experts in this area, including those in the Food and Drug Administration, National Institutes of Health, National Science Foundation, AID, and the Department of Agriculture.

The Committee has included $438,000 for the construction of a critical care/isolation unit for the Equine Medical Center at the Virginia-Maryland College of Veterinary Medicine in Leesburg, VA. The Committee expects the college to provide a matching amount of funds for this project from non-Federal sources prior to the obligation of Federal funds.

The Committee includes $50,000 for a study on the construction of a biotechnology research center to operate in conjunction with the medical center complex of Texas A&M University in Houston.

The Committee is aware of the University of Florida's Biotechnology Research Institute initiative. The Biotechnology Research Institute will provide opportunities for joint research involving collaboration with private industry, which will also provide substantial funding for continued biotechnology research. The amount of $50,000 has been included by the Committee to study the feasibility of Federal participation in the construction and equipping of an 80,000 square foot laboratory building and fermentator at the university's Biotechnology Research Institute.

The 1987 Supplemental Appropriations Act, Public Law 100–71, provides funding for a weed science center at North Dakota State University. The Committee expresses its continued interest in this project and expects significant strides in the weed science field as a result. The Committee directs that the building be called the Loftsgard Research Center in honor of Laurel Loftsgard, who served as president of the university for 19 years and died October 1, 1987. President Loftsgard guided NDSU through tremendous growth and can be proud of its reputation as a national center for agricultural research.

COOPERATIVE STATE RESEARCH SERVICE

1987 appropriation	$304,073,000
1988 budget estimate	240,211,000
Committee recommendation	328,886,000

The Cooperative State Research Service is the U.S. Department of Agriculture's principal entree to the university system of the United States for the purpose of conducting agricultural research as authorized by the Hatch Act of 1887, as amended (7 U.S.C. 361a–361i); the Cooperative Forestry Research Act of 1962, as amended (16 U.S.C. 582a–7); Public Law 89–106, section (2), as amended (7 U.S.C. 450i); and the National Agricultural Research, Extension, and Teaching Policy Act of 1977, as amended (7 U.S.C. 3101 et seq.). Through these authorities, the U.S. Department of Agriculture participates with State and other sources of funding to encourage and assist the State institutions in the conduct of agricultural research through the State agricultural experiment stations of the 50 States, the District of Columbia, and the territories; by approved schools of forestry; by the 1890 land-grant institutions and Tuskegee University; by colleges of veterinary medicine; and by other eligible institutions.

The Cooperative State Research Service participates in a nationwide system of agricultural research program planning and coordination among the State institutions, U.S. Department of Agriculture, and the agricultural industry of America.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee recommendations for the Cooperative State Research Service.

COOPERATIVE STATE RESEARCH SERVICE

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 budget	Committee recommendation
Payments under Hatch Act	148,792	155,545	155,545
Cooperative forestry research (McIntire-Stennis)	12,412	12,975	25,000
Payments to 1890 Colleges and Tuskegee	22,320	23,333	23,333
Special research grants (Public Law 89–106):			
STEEP-Soil Erosion in the Northwest (Idaho, Oregon, and Washington)	591		591
Food systems research group (Wisconsin)	148		148
Pest management	2,940		2,940
Rural development centers (North Dakota, Iowa, Mississippi, Oregon, and Pennsylvania)	363		600
Soybean cyst nematode (Missouri)	285		
Bean and beet (Michigan)	93		
Animal health	5,705		5,705
Aquaculture, (Stoneville, MS)	400		545
Dairy and beef photoperiod (Michigan)	33		
Pesticide clearance (IR–4)	1,369		1,369
Minor use animel drugs (IR–4)	229		229
Pesticide impact assessment	1,968		1,968
Dairy goat research (Texas)	95		100
Aquaculture (general)	485		200
Milk consumption (Pennsylvania)	285		
International livestock program (Kansas)	95		95
Stored grain insects (Kansas)	285		285
Blueberry shoestring virus (Michigan)	92		
Peach tree short life (South Carolina)	183		183
TCK Smut (wheat)	193		193
Sugarland use research (Hawaii)	142		
Diversified agriculture (Hawaii)			235
Mosquito research (Texas)	456		
Integrated production systems (Oklahoma)	188		
Preservation and processing research (Oklahoma)	242		
Dried bean (North Dakota)	75		75
Sunflower insects (North Dakota and South Dakota)	190		190
Tropical and subtropical	3,091		3,091
Potato research	761		1,161
Dark-end syndrome (Idaho, Oregon, and Washington)	150		150
Asparagus yield decline (Michigan)	95		

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 budget	Committee recommendation
Special research grants (Public Law 89-106)—Con.			
Biocontrol of grasshoppers (Kansas)	48		48
Wool research (Texas)	142		142
Ag Policy Institute (Iowa and Missouri)	357		500
Biomass from dairy processing waste (Missouri)	285		
Stone fruit decline (Michigan)	285		
EDB replacement (Hawaii)	285		285
Wood utilization research	2,852		2,852
Integrated reproduction management (Nebraska)	95		
Cranberry/blueberry disease and breeding (New Jersey)	95		345
Alternative cropping systems in the Southeast (South Carolina)	285		285
Maple research (Vermont)	95		100
Apple quality research (Michigan)	95		
Multicropping strategies for aquaculture (Hawaii)	152		152
Prime farm land reclamation (Illinois and Kentucky)	300		
Belgian endive (Massachusetts)	60		
Fruit and vegetable production and marketing (Kentucky)	142		
Plant stress (New Mexico, California, Arizona, and Texas)	385		385
Acid precipitation	661		661
Remote sensing (Kansas)	191		191
Native wildflowers (New Mexico)			50
Alternative fuels (North Dakota)			370
Food Marketing Policy Center (Connecticut)			300
Acoustics (Mississippi)			500
Nuclear disaster (North Dakota)			600
Water quality			5,000
Food processing (Mississippi)			240
Poultry research (Arkansas)			750
Subtotal, special research grants	28,037		33,809
Competitive research grants:			
Plant science	12,126	15,484	15,484
Soybean research	(493)		
Alcohol fuels	(514)		(514)
Animal science	4,279	7,000	7,000
Brucellosis	(475)		
Reproductive efficiency	(2,377)		
Pest science	2,853		
Gypsy moths	(951)		
Boll weevil/boll worm	(951)		
Pine bark beetle	(951)		
Human nutrition	2,377	3,000	3,000
Biotechnology	19,016	19,016	19,016
Subtotal, competitive research grants	40,651	44,500	44,500
1890 research facilities	9,508		
Animal health and disease (sec. 1433)	5,476		5,476
Higher education	[1]4,754	2,000	[1]4,754
Rangeland research grants (sec. 1480)	475		475
International trade centers	3,200		5,000

See footnotes at end of table.

COOPERATIVE STATE RESEARCH SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 budget	Committee recommendation
Alternative crops (sec. 1428)			1,900
Research Facilities Act (sec. 1411)	2,000		
Critical Agricultural Materials Act	20,368		7,500
Aquaculture centers	3,000		3,750
Other research grants (sec. 1472)	150		4,200
Agricultural productivity (sec. 1461–1471)			9,000
Federal administration:			
Shrimp aquaculture (Hawaii and Mississippi)	2,036		2,036
Mississippi Valley State University	750		750
Northern Marianas	70	(2)	
Ag in classroom	74		
Agricultural biotechnology		250	250
Peer panels		400	400
Office of Grants and Program Systems	(3)	680	680
Pay costs and FERS		528	528
Subtotal, Federal administration	2,930	1,858	4,644
Total, Cooperative State Research Service	304,073	240,211	328,886

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[1] Excludes $2,800,000 Morrill-Nelson permanent appropriation.

[2] Currently funded through the Hatch Act.

[3] $659,000 was provided in 1987 by reimbursement through other agencies.

Individual items are discussed below:

Payments for cooperative research under the Hatch Act.—The Committee recommends $155,545,000. This amount is $6,753,000 more than the 1987 level, and the same as the budget estimate.

Cooperative forestry research.—The Committee recommends $25,000,000. This amount is $12,588,000 more than the 1987 level and $12,025,000 more than the budget request. The increase is provided in order to ensure the continued effectiveness of the act and to strengthen significantly the role of technology in increasing U.S. forestry competitiveness while providing greater noncommodity benefits from our vast forestlands.

Payments to 1890 Colleges and Tuskegee.—The Committee recommends $23,333,000. This amount is $1,013,000 more than the 1987 level, and the same as the budget estimate.

Special research grants under Public Law 89–106.—The Committee recommends a total of $33,809,000. Specifics of individual grant allowances are included in the accompanying table. Special items are discussed below.

Alternative fuels.—A new research grant is recommended for the University of North Dakota in the amount of $370,000. Of this amount $250,000 is for a comprehensive research effort on ethanol-gasoline blends and their use in motor vehicles. An objective study is needed to evaluate the concerns regarding engine component damage, hard starting, hesitation, stalling, and higher fuel consumption.

The amount of $120,000 is for the evaluation of wood slurries as diesel engine fuels. Wood slurries show promise as an alternative fuel that can be used in the agriculture industry.

Diversified agriculture.—This special research grant replaces the grant for sugarland use research which has been completed. The $235,000 will be used to develop an expanded diversified agricultural base in Hawaii.

Potatoes.—The Committee has increased the special research grant for potatoes by $400,000. This increase is for the Tri-State Potato Breeding Program in Oregon, Washington, and Idaho and will allow the continued testing of seed varieties. The research carried on in 1987 with $761,000 will continue.

Sunflower insects.—Continuation of research on sunflower insects is provided at $190,000 with the 1987 mix of funds for North and South Dakota State Universities expected.

Native wildflowers.—A new special research grant of $50,000 is provided for New Mexico for the commercialization of native wildflowers from the American Southwest. This research is needed to help develop domestic alternatives to imported cut flowers focusing on plant propagation, including techniques of tissue culture, plant genetic engineering, and plant physiology for purposes of intense horticulture.

Food Marketing Policy Center.—This center at the University of Connecticut will be the focus of a cooperative effort of 16 universities from around the Nation to study food marketing policies including safety standards, quality control, and marketing strategies. The Committee proposes $300,000 to establish this center.

Cranberry/blueberry.—An increase of $250,000 is provided for the Rutgers University center for cranberry and blueberry research in order to expand its work force, space, and equipment.

Aquaculture (Stoneville, MS).—The Committee recommends the continuation of aquaculture research conducted at the Stoneville Research Center at the 1987 level of $400,000. In addition, the Committee provides $145,000 for expansion of its research efforts to include alternative aquaculture species and geographic locations. The Committee is aware of the State-Federal-private sector cooperation involved and fully supports this expansion.

Aquaculture (Louisiana).—$200,000 is included to continue the research begun in 1987 at Louisiana State University on the development of commercial crawfish and red drum production.

Nuclear disaster.—The Committee recommends $600,000 for the University of North Dakota to study the impact of the nuclear catastrophe at the Chernobyl powerplant. This study will include assessing the impact on the soil, surface, and ground water, vegetation, food supply, crops and livestock, food and animal feed contamination and other aspects of the disaster. The grant will bring together into one major project the best American academic specialists so they may collectively focus their skills, knowledge, and fieldwork experience and write a nuclear-reactor-disaster environmental and spatial impact statement.

Acoustics research.—The Committee provides $500,000 for development and testing of an acoustics system for counting and sizing commercially grown catfish to the National Center for Physical Acoustics [NCPA] at the University of Mississippi. The Committee believes that acoustics research can make substantial contributions to agriculture, and therefore, to the extent possible, will expect NCPA to expand its research efforts to include such areas as detection of insect infestations, repelling of insects, and nondestructive testing of agricultural products ranging from ultrasonic sizing of cotton fibers to testing of wood laminates.

Water quality.—The Committee recommends a new special research grant on water quality and management in the amount of $5,000,000. To provide an adequate quantity of water with acceptable quality in the presence of sustained agricultural, industrial, and municipal activities is a major challenge. The need for an accelerated water-related research effort to alleviate the contamination of surface and ground water and to develop integrated systems for managing and conserving water is great and continues to increase.

Major research initiatives will focus on: Sources, prevention, and control of water pollution; fate of chemicals including persistence, mobility, transformation, and degradation in the soil and water system; treatment of contaminated soil and water to improve water quality; and addressing toxicological, economic, social, legal, and political consequences of water quality and management programs.

The Committee expects the Secretary to coordinate this effort with other Federal agencies, State institutions, and private organizations and requests a report on this initiative, along with recommendations for future direction and funding by July 1, 1988.

Food processing.—The Committee recognizes the need for additional support to investigate the processing potential of numerous new products, and thus, recommends a grant of $240,000 to establish a comprehensive food processing research support effort by the Mississippi Agricultural and Forestry Experiment Station.

Poultry research.—A grant for the University of Arkansas is included in the amount of $750,000 for additional laboratory equipment and research support at the poultry laboratory and isolation facilities.

Competitive research grants.—The Committee recommends an appropriation of $44,500,000. This amount is the same as the budget estimate, and $3,849,000 more than was available in 1987. The Committee continues its commitment to the competitive grants method of fostering and promoting increased levels of basic agricultural research in our Nation.

Aquaculture centers.—The Committee recommends $3,750,000 for regional aquaculture centers. The $750,000 increase is for the establishment of a center in the North Central region.

Rural development centers.—Rural development centers contribute to regional research in two ways: (1) they undertake coordination of regional research requiring both a critical mass and a diversity of research skills not found at any single institution; and (2) they initiate research through seed grants to support new projects at their formative stage until they are eligible for other funding. Consistent with the Committee's desire to support the Federal contribution to the encouragement of regional rural development, the Committee recommends $600,000 to maintain and expand the four existing rural development centers and to establish a new center in North Dakota. This amount is $237,000 more than the level available last year and $600,000 more than the budget estimate. This increase will allow the centers to focus on regeneration and revitalization of rural America. The Committee expects the Department to ensure coordination of the research and extension functions of the centers.

Tropical/subtropical research.—For tropical/subtropical research, the Committee recommends an appropriation of $3,091,000, the same as the 1987 level. The Committee continues to support the current mechanism for solicitation, recommendations, and distribution of funds through the Caribbean Basin and Pacific Basin Advisory Groups [CBAG, PBAG] whose members are primary participants in each basin as long as the director-at-large (southern director-at-large for the CBAG and western director-at-large for PBAG) is a full member of the advisory group representing all other institutions or organizations that would contribute significantly to the goals identified by PBAG and CBAG.

Alternative crops.—The Committee recommends $1,900,000 for research on supplemental and alternative crops and products. The Committee is impressed with the advances made on kenaf and expresses support for similar efforts on other alternative crops and products. The development of demonstration projects involving the private sector is strongly encouraged.

Some of the research included in this appropriation is $300,000 for biodegradable plastics from corn starch in Illinois, Iowa, Nebraska, Indiana, and Minnesota; $300,000 for red fish in Texas, South Carolina, Louisiana, and Mississippi; $500,000 for oilseeds in North Dakota; $225,000 for crambe/winter rapeseed in Iowa, Missouri, Kansas, and New Mexico; $237,000 for hybrid/striped bass in Maryland, Virginia, and North Carolina; and $100,000 for guayule in Arizona, Texas, New Mexico, California, and Ohio.

Critical Agricultural Materials Act.—The Committee recommends $7,500,000 for completion of the Federal share of the Polymer Institute at the University of Southern Mississippi. The amount of $10,000,000 was provided in 1987 to initiate construction of this facility. These funds shall remain available until expended.

Higher education.—The Committee recommends the same amount and program as in 1987 for higher education, $4,754,000. This amount includes $2,852,000 for graduate training and $1,902,000 for grants to the 1890 institutions. Once again, the Committee rejects the administration proposal to repeal the Morrill-Nelson Act permanent appropriation that continues to provide higher education support to every State.

Low-input agriculture.—The Committee recommends an appropriation of $9,000,000 to fund agricultural productivity research as authorized by the Food Security Act of 1985.

A growing number of farmers are now looking for reliable information on reduced input farming systems. These farmers are interested in learning how alternative farming methods can be used to reduce production costs and control soil erosion and the pollution of underground water supplies caused, in part, by heavy fertilization, pesticide use, and monocultural cropping systems. The Committee directs the Department to coordinate the activities of this program in order to assure participation by private foundations, land-grant institutions, nonprofit organizations, Federal agencies—especially the Extension Service and the Agricultural Research Service—and local farmer groups to ensure a coordinated effort. Priority should be given to providing the information to the farmers in a readily usable form so that past and ongoing research can be applied immediately.

Within the funds provided, up to $2,100,000 shall be used to fund the appropriate technology transfer for rural areas [ATTRA] program located at Agricenter International in Tennessee. ATTRA will provide a centralized data base of technical information on low-input farming and community resource management useful to American farmers. This funding is needed to complete its resource collection, staffing, and data base requirements to support its initial year of operations. The Committee believes that ATTRA will contribute significantly to the productivity, efficiency, and safety of farming. ATTRA was previously funded through the Extension Service.

Furthermore, the Committee requests a report on the activities and plans in this area as well as recommendations for future funding by July 1, 1988.

Other research grants.—The Committee includes $4,200,000 for research on the Pircon-Peck process. The process removes sulfur from coal so that the coal can be used. The sulfur is then used in the manufacture of a high-acid fertilizer. Initial research has been carried out in Illinois and shows strong potential. The State of Illinois has agreed to provide matching funds for this demonstration project to test the process on a commercial basis.

International trade center.—Also recommended is $5,000,000 for the establishment of a mid-America world trade center headquartered in Wichita, KS. This center will comprise a regional partnership of private enterprise and State governments to strengthen the international competitiveness of economically distressed middle America through the development of world trade, in Colorado, Kansas, Nebraska, North Dakota, Oklahoma, South Dakota, and Wyoming.

Federal administration.—The Committee recommends $4,644,000 for Federal administration. This amount is $1,714,000 more than the 1987 appropriation and $2,786,000 more than the budget request. The Committee accepts the budget request with the exception of the proposal to eliminate the shrimp aquaculture grant for Mississippi and Hawaii in the amount of $2,036,000, and the proposal to eliminate the $750,000 for curriculum development at Mississippi Valley State University. For these two projects the 1987 level is recommended.

BUILDINGS AND FACILITIES

1987 appropriation	$30,200,000
1988 budget estimate	
Committee recommendation	

COMMITTEE RECOMMENDATION

The Committee recommends no funding under this account; rather it is included under the Agricultural Research Service.

EXTENSION SERVICE

	Appropriation	Transfer from Food Stamp Program	Total
1987 appropriation	$300,345,000	$38,627,000	$338,972,000
1988 budget estimate	262,521,000		262,521,000
Committee recommendation	361,463,000		361,463,000

Cooperative extension work was established by the Smith-Lever Act of May 8, 1914, as amended. Legislation authorizes the Department of Agriculture to provide, through the land-grant colleges, cooperative extension work that consists of the development of practical applications of research knowledge and the giving of instruction and practical demonstrations of existing or improved practices or technologies in agriculture, uses of solar energy with respect to agriculture, home economics, related subjects, and to encourage the application of such information by demonstrations, publications, through 4–H clubs, and other means to persons not attending or resident in the colleges.

To fulfill the requirements of the Smith-Lever Act, State and county extension offices in each State, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, the Northern Marianas, and Micronesia conduct educational programs to improve American agriculture and strengthen the Nation's families and communities.

COMMITTEE RECOMMENDATIONS

The following table summarizes Committee action on the Extension Service:

EXTENSION SERVICE

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 budget	Committee recommendation
Smith-Lever 3(b) and 3(c)	236,213	237,594	249,394
1890's	16,877	18,291	23,291
Smith-Lever 3(d):			
Pest management	7,164		7,364
Pesticide impact assessment	1,633		1,633
Farm safety	970		970
Urban gardening	3,329		2,000
Food and nutrition education [EFNEP]	19,008		60,000
(Transfer from Food Stamp Program)	38,627		

EXTENSION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 budget	Committee recommendation
Smith-Lever 3(d)—Continued			
Farm financial management and counseling	1,427		1,427
Integrated reproduction management (Nebraska)	47		
Rural development centers	689		1,000
Renewable Resources Extension Act	2,378		2,765
Section 1440 pilot projects	3,350		3,350
Payments to District of Columbia (other)	935	970	970
Federal administration and special grants	6,325	5,666	7,299
Total, Extension Service	338,972	262,521	361,463

The Committee has provided a total of $249,394,000 for payments under the Smith-Lever Act, sections 3 (b) and (c). This amount is $13,181,000 above the 1987 level and $11,800,000 above the budget request.

The increase above the budget request is to cover Federal retirement costs for extension workers who were not included in the administration's estimate. The amount of $6,500,000 was provided in the 1987 supplemental for the same reason. The Committee expects future estimates to include these workers.

1890 Colleges and Tuskegee.—The Committee recommends funding of $23,291,000 for Extension programs at colleges receiving the benefits of the second Morril Act and the Tuskegee University, an increase of $6,414,000 over the 1987 appropriation. Of this amount, $5,000,000 is provided for the improvement and acquisition of Extension facilities and equipment. Section 1416 of the Food Security Act of 1985 (Public Law 99–198) authorized appropriations for the purchase of equipment and land, and the planning, construction, alteration, or renovation of buildings for extension work carried out at these institutions. The Committee notes that limited resources have prevented the 1890 Land-Grant Colleges and Tuskegee University from undertaking the modernization and upgrading of its facilities in recent years. This funding should assist in beginning this process.

Section 3(d) programs.—To restore certain section 3(d) programs to last year's level, the Committee recommends $1,633,000 for pesticide impact assessment and $970,000 for farm safety. Injury to a farmer not only is a medical crisis but can often lead to financial crisis as the farmer is unable to work the land while incurring heavy medical costs. Agriculture-related injuries rank among the most frequent and severe of all types of occupational injuries, but research on the cause, costs, and effects of these injuries is minimal.

Two international experts in the field of trauma control at the University of Vermont have just completed a year long trauma study in the construction, lumbering, and woodworking industries. In order to conduct a similar study to identify preventative measures to avoid injury, reduce medical costs, and avoid loss of farm income, the Committee recommends up to $88,000 of the money provided for farm safety be used.

The Committee rejects the administration's proposal to terminate earmarked funding for Integrated Pest Management under section 3(d) of the Smith-Lever Act and provides a total of $7,364,000. In restoring funding for Integrated Pest Management educational programs conducted by the Extension Service, the Committee notes that this program enhances the development and maintenance of agricultural production systems and reduces costs of production by elimination of unnecessary pesticide applications. The increase of $200,000 above the 1987 level is to finance the publication and distribution of a handbook on wheat insects, diseases, and weeds, specifically addressing methods for their control.

Urban gardening.—The Committee recommends $2,000,000 for the urban gardening program. This is $2,000,000 more than the budget request and $1,329,000 less than the 1987 level. With the current budget constraints, the Committee believes priority should be given to more farm- and rural-related programs.

EFNEP.—The Committee favors the continuation of the Expanded Food and Nutrition Education Program [EFNEP] despite the administration's request that this program be eliminated. Predominantly serving low-income households, EFNEP provides nutrition education counseling and education based on poverty-level formula funding to each State.

The Committee appropriates $60,000,000 for EFNEP. The Committee expects that funds will be used in traditional methods of direct nutrition education to low-income families and for other appropriate nutrition education projects, including research on the nutrition problems of target groups, the testing of educational methodology, and the organization of community groups and volunteers to solve local nutrition problems.

Financial management and counseling.—The Committee believes the special farm financial management and counseling initiative must be maintained to help agricultural producers cope with the difficult economic climate. It has, therefore, recommended $1,427,000 for this program. This is the same amount as the 1987 level and $1,427,000 more than the budget estimate.

Integrated reproductive management [IRM].—The Committee agrees with the administration's budget request to terminate $47,000 in funds for the IRM project that analyzes reproductive systems of beef, pork, and sheep located in Nebraska.

Renewable resources.—The Committee continues to be very concerned about the need to develop the Nation's forest and rangeland management resources and notes that in 1987 funds were allocated to 43 of the 50 States. The Committee recommends an appropriation of $2,765,000 for activities carried out under the Renewable Resources Extension Act [RREA] and instructs the Department to extend the program to the seven States that do not receive RREA funds. An increase of $387,000 is provided for this purpose.

Rural development centers.—Nonmetropolitan communities in the Northeast, South, North Central, and Western regions have benefitted from the coordination of science and education programs through four existing regional rural development centers. The Committee finds that existing centers in Pennsylvania, Iowa, Oregon, and Mississippi offer distinct opportunities for farmers to become familiar with new areas of research and economic alternatives.

The Committee recommends $1,000,000 to maintain and expand the existing rural development centers, including establishment of another rural development center in North Dakota. The principal focus of the expansion will be on regeneration and revitalization of rural America. The amount recommended by the Committee is $311,000 above the fiscal year 1987 appropriated level. The administration recommended termination of the rural development centers.

Section 1440 pilot projects.—The Committee supports the continuation of pilot projects begun in fiscal year 1987 to provide management assistance and counseling to financially stressed and dislocated farmers. The appropriation level of $3,350,000 provided in fiscal year 1987 is maintained for fiscal year 1988 with the understanding that a report will be submitted to the Committee by July 1, 1988, describing the various types of projects initiated and their success in meeting the needs of farmers.

District of Columbia.—For the extension programs in the District of Columbia, the Committee recommends an appropriation of $970,000, $35,000 more than the fiscal year 1987 level and the same as the budget request.

Federal administration.—The Committee recommends a total of $7,299,000 for Federal administration, including restoration of $333,000 to maintain pilot technology transfer programs in Oklahoma and Mississippi recommended for termination by the administration.

The Committee concurs in the administration's proposal to eliminate $357,000 in earmarked funds for grants to Oklahoma and Massachusetts, formerly under the Office of Small Community and Rural Development.

The Committee further concurs with the administration in its recommendation to terminate $191,000 for a farm and financial management assistance pilot project in Nebraska. The Committee notes that section 1440 of the Food Security Act enables States to receive special or competitive grants to assist financially stressed farmers with management, counseling, and employment-related services. Nebraska is the recipient of section 1440 funds.

An increase of $1,300,000 is included for the agricultural development in the American Pacific proposal which will further the agricultural development of the U.S. territories in the Pacific Basin in an efficient manner through the coordination of research and resources.

Agricultural weather.—Forecasting of weather, issuance of forecasts, advisories, and warnings, and the observation, collection, processing, and communication of weather data have been responsibilities of the

Federal Government since the establishment of the U.S. Weather Bureau on October 1, 1890.

Agricultural production consists of using soil and weather resources to produce food and fiber. Since weather movement and development extends beyond geographic and political boundaries, it is clearly in the Nation's interest to insure that farmers receive and have access to appropriate, accurate and timely weather information. Since the operation of weather service is a Federal responsibility, the provision for agricultural weather information is and shall remain a Federal responsibility.

The collection and summarization of basic observations and the issuing of guidance materials and forecasts for agriculture is a logical responsibility for the National Weather Service. The education and extension activities concerning the on-farm use of weather information and forecasts will be developed by the cooperative Extension Service. The Committee directs the Extension Service to continue its cooperative efforts with the National Weather Service in order to develop an effective national program.

NATIONAL AGRICULTURAL LIBRARY

1987 appropriation	$11,098,000
1988 budget estimate	12,302,000
Committee recommendation	12,795,000

The National Agricultural Library [NAL] had its mission outlined by the Organic Act of 1862, establishing the Department of Agriculture. The act sets forth a mission, "to acquire and to diffuse among the people of the United States useful information on subjects connected with agriculture in the most comprehensive and general sense of the word," and placed upon the Secretary the responsibility to "procure and preserve all information concerning agriculture which he can obtain by means of books * * *."

The NAL disseminates useful information about agricultural and other related sciences to scientists and researchers, administrators and managers, farmers, and the general public. In addition to providing traditional library services such as bibliographies, reference services and document delivery to agricultural scientists and researchers, NAL is expanding its role and serving a wider audience by using modern information dissemination technology to its fullest. Traditionally, the library has concentrated its thrust toward the agricultural scientists and researchers. The wider audience includes Federal, State, and local administrators, as well as the farmer, the small businessman, public groups at all levels, and the general public.

With approximately 1.8 million volumes of printed material on agriculture and supporting scientific disciplines, NAL has one of the largest collections of its kind in the world. Both current and historical information is collected and organized for effective utilization by a wide range of users.

COMMITTEE RECOMMENDATIONS

For the National Agricultural Library, the Committee recommends an appropriation of $12,795,000. This amount is $1,697,000 more than the 1987 level. An increase of $493,000 above the budget estimate is recommended for the establishment of an independent national center for agricultural law research and information at the Leflar School of Law at the University of Arkansas at Fayetteville.

OFFICE OF THE ASSISTANT SECRETARY FOR MARKETING AND INSPECTION SERVICES

1987 appropriation	$340,000
1988 budget estimate	377,000
Committee recommendation	377,000

The Office of the Assistant Secretary for Marketing and Inspection Services provides direction and coordination in carrying out laws enacted by the Congress with respect to the Department's marketing, inspection, and standardization related to grain; competitive marketing practices of livestock, meat and poultry, meat and poultry products, marketing orders, and various programs; veterinary services; and plant protection and quarantine. This Office has oversight and management responsibilities for the Animal and Plant Health Inspection Service, Agricultural Marketing Service, Agricultural Cooperative Service, Food Safety and Inspection Service, Federal Grain Inspection Service, Packers and Stockyards Administration, and Office of Transportation.

COMMITTEE RECOMMENDATION

For the Office of the Assistant Secretary for Marketing and Inspection Services, the Committee recommends an appropriation of $377,000, the same as the budget request, and $37,000 more than the 1987 level.

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

SALARIES AND EXPENSES

1987 appropriation	$311,467,000
1988 budget estimate	294,931,000
Committee recommendation	349,455,000

The Animal and Plant Health Inspection Service [APHIS] conducts programs to protect the animal and plant resources of the Nation from destructive pests and diseases in order to preserve the marketability of U.S. agricultural products within this country and abroad. Three major areas of activity are discussed below.

Animal and plant disease and pest control.—APHIS conducts inspection and quarantine activities at U.S. ports of entry to prevent the introduction of exotic animal and plant diseases and pests; survey, diagnostic, and inspection activities in the United States to locate and prevent the spread of agricultural pests and diseases; control and eradication programs to combat new and endemic infestations and infections; and emergency eradication programs when devastating plant and animal diseases threaten the United States. The agency also participates in inspection, survey, and control activities in foreign countries to reinforce its domestic activities.

Animal damage control.—APHIS carries out a cooperative program to reduce agricultural losses caused by predatory animals, birds, and rodents; conducts control operations for target species on Federal, State, and private lands; provides technical assistance to other cooperators such as States, counties, or farmer or rancher groups; and conducts basic and applied research aimed at reducing economic damage from vertebrate animals.

Other regulatory activities.—APHIS performs other regulatory activities including the development of standards for and the licensing and testing of veterinary biologicals to insure their safety and effectiveness; the inspection of certain establishments which handle animals intended for research, exhibition, and pet purposes, as defined by law, to insure their humane treatment, and the regulation of the import and export of endangered plant species.

COMMITTEE RECOMMENDATIONS

The following table summarizes the Committee's recommendations for the Animal and Plant Health Inspection Service:

ANIMAL AND PLANT HEALTH INSPECTION SERVICE

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 revised budget	Committee recommendation
Plant disease and pest control:			
Agricultural quarantine inspection	52,297	66,468	66,468
International programs	2,033	2,110	2,110
Pest detection	3,781	3,928	3,928
Plant protection programs:			
Biocontrol	3,146	3,318	3,318
Boll weevil	10,906	213	18,744
Golden nematode	957	1,018	1,018
Grasshopper and Mormon cricket	1,736	3,165	3,165
Reserve fund	5,000		5,000
Gypsy moth	5,125	5,442	5,442
Imported fire ant	5,526		5,526
Mediterranean fruit fly	8,512	9,706	10,218
Mexican fruit fly	1,452	1,553	1,553
Tri-fly			700
Miscellaneous plant pests	1,086	1,124	1,124
Noxious weeds	750		322
Pink bollworm	2,275	1,087	1,087
Witchweed	4,493	5,281	5,281
Leafy spurge			1,500
Total, plant disease and pest control	109,075	104,413	136,504
Animal disease and pest control:			
Animal disease detection	2,914	3,052	3,052
Animal health compliance and enforcement	13,307	14,694	14,694
Import-export inspection	8,111	8,604	8,604
International programs	1,935	2,034	2,034

ANIMAL AND PLANT HEALTH INSPECTION SERVICE—Continued

[In thousands of dollars]

	Fiscal year 1987 appropriation	Fiscal year 1988 revised budget	Committee recommendation
Animal disease and pest control—Continued			
Veterinary biologics	8,267	8,641	8,641
Veterinary diagnostics	10,492	10,867	10,867
Animal health programs:			
Brucellosis	66,733	65,617	65,617
Cattle ticks	5,933	6,258	6,258
Foot-and-mouth disease (Darien Gap)	2,127	3,053	3,053
Miscellaneous animal diseases	1,918	1,998	1,998
National poultry improvement plan	209	219	219
Poultry diseases	605	643	1,000
Pseudorabies	1,500		2,800
Screwworm	31,589	32,045	32,045
Swine health protection	3,097	3,265	3,265
Tuberculosis eradication	3,749	3,889	3,889
Animal welfare	5,878	4,922	7,000
Horse protection	151	161	161
Total, animal disease and pest control	168,515	169,962	175,197
Animal damage control	21,877	12,056	23,754
Biotechnology		4,000	4,000
Contingencies:			
Plant disease and pest control	5,000	2,250	5,000
Animal disease and pest control	5,000	2,250	5,000
Total, contingencies	10,000	4,500	10,000
Supplemental pay, 1987	2,000		
Total, salaries and expenses	311,467	294,931	349,455

For the salaries and expenses of the Animal and Plant Health Inspection Service, the Committee recommends an appropriation of $349,455,000. This amount is $54,524,000 more than the budget estimate, and $37,988,000 more than the level for fiscal year 1987.

Boll weevil eradication.—The Committee recommends an appropriation of $18,744,000 for the boll weevil eradication program. This amount is $7,838,000 more than the 1987 level, and $18,531,000 more than the budget estimate. Included in this amount is $944,000 to maintain the present program in the High Plains area, $14,900,000 for the expanded Southeast boll weevil eradication program, and $2,900,000 for the expanded Southwest boll weevil eradication program.

The Southeast boll weevil eradication program is a cooperative Federal-State-grower program designed to eradicate the boll weevil through a coordinated regional program. The program began on a trial basis in North Carolina and later expanded to include all of North and South Carolina. The North and South Carolina program was successfully concluded in 1986 and is being carried on as a maintenance and monitoring effort. Results of this program indicate that growers save an average of $28 per acre in reduced insecticide applications and generate additional revenue of up to $75 per acre in increased yields.

In 1987, an appropriation was provided to allow expansion of the eradication program into Georgia, Alabama, and Florida. Growers in each State approved referenda authorizing a self-assessment to generate the grower's share of operating costs. Under this program, which is a 4-year effort, growers contribute 70 percent and the Federal Government 30 percent. Also, during 1987, growers in one Florida county and five Alabama counties, not previously included in the expansion program, requested and approved a referendum to be included in the expansion program. During 1987, 395,000 acres were enrolled in the expansion program, and APHIS estimates that up to 440,000 acres could be enrolled in the program in 1988.

Up until now, the Southwest boll weevil program consisted of monitoring and containing the weevil. However, recent data show an alarming increase in boll weevil infestation. The $2,900,000 will provide for treatment of 355,000 acres in Arizona, and maintenance of 60,000 acres in California, and 150,000 acres in northwestern Mexico.

Like in the Southeast, growers in the Southwest will pay 70 percent of the cost of the program and are levying a $5 per bale assessment to support the program. 1988 will be the first of a 4-year project.

Noxious weeds.—The Committee recommends $322,000 for noxious weeds. This amount is an increase of $322,000 over the budget request and $428,000 less than the 1987 appropriation.

The recommendation includes $121,000 for the final year of Federal control and eradication of common crupina in Idaho, and $201,000 for hydrilla control.

The Committee continues to support the research efforts of the University of Florida on the management of hydrilla and other aquatic weeds. The Committee believes that biological control research utilizing herbivorous fish for control of these weeds is promising and expects the Animal and Plant Health Inspection Service to continue to support the University of Florida in this research.

Furthermore, the Committee is aware of hydrilla control efforts in Imperial County, CA, and directs that up to $140,000 be used in this effort which has shown tremendous success. The Committee understands that these funds will be augmented by $200,000 from State and private sources.

Leafy spurge.—The Committee has included an increase of $1,500,000 for an integrated pest management [IPM] trial project on leafy spurge control. Leafy spurge is a weed which currently infests the northern Great Plains and the foothills and intermountain areas west of the northern Great Plains. The weed is a serious problem to ranchers and farmers because it is not readily eaten by most classes of livestock and reduces crop production. Furthermore, cattle will not graze usable forage near the weed in infested areas due to irritating chemicals in the plant. Consequently, even sparse strands of the leafy spurge greatly reduce the carrying capacity of grasslands costing farmers and ranchers millions of dollars in lost forage production and chemical control.

APHIS is currently working with Agriculture officials and ranchers in infested States to identify the extent of the infestation and the extent of ongoing research in this area. In addition, APHIS is beginning to develop selected biological control organisms at its Biological Control Laboratory in Mission, TX, as a first step toward improving biocontrol methods for leafy spurge. The agency is considering further expansion in this area. The expansion would broaden survey activities, initiate field collections, and greatly expand laboratory rearing of insects for biological control of leafy spurge.

In an effort to find long-term environmentally acceptable solutions to controlling leafy spurge, APHIS will conduct an IPM trial that would involve the establishment of a field trial site in North Dakota. Under the IPM, APHIS will work with all concerned Federal and State agencies and State universities through cooperative agreements to explore new approaches. This intense, short-term effort will consolidate and accelerate the research activity in this area. These activities would be expected to reduce our dependency on chemical herbicides, and provide more efficient, cost-effective, and environmentally safe practices for the future.

Brucellosis eradication.—For brucellosis eradication, the Committee recommends a program level of $65,617,000, the same as the budget request. While the amount is $1,116,000 less than the 1987 level, due to reprogramming in 1987, the 1988 level is $1,777,000 higher than the amount actually made available in 1987.

The Committee notes that the level of disease incidence dropped from 0.26 to 0.23 in fiscal year 1986. At the end of fiscal year 1987, it is expected that 44 States will be in free on class A status. The Committee expects the Department to give its full support to reaching the goal of bringing all States to class A status or better by fiscal year 1991.

Animal damage control.—The Committee recommends $23,754,000, $1,877,000 more than the 1987 level, and $11,698,000 more than the budget request.

This appropriation includes funding for taste aversion research in Arizona, California, and Nevada at $100,000, grackle control in Texas at $300,000, and rat control in Hawaii at $240,000.

The funding level also includes continuance of the blackbird pilot project in the flyway. However, the Committee recognizes that this project is an interim attempt to minimize damage, and directs APHIS to pursue aggressively alternative methods of control including toxicants, chemosterilants, and other methods. The development of an experimental use permit for CPT and other toxicants is strongly encouraged.

An increase of $214,000 is provided for maintenance at the Denver Research Center. This amount had not been transferred from the Fish and Wildlife Service when the program was moved. An increase of $607,000 is also included for needed upgrading of equipment in Denver. The Committee expects the Denver center to be in full compliance with the Animal Welfare Act.

The recommendation includes $200,000 to administer guarding dog programs in Oregon/Washington and Idaho/Wyoming in cooperation with the Extension Service. APHIS/ADC is to comply with all applicable Federal contracting procedures but because of their extensive experience shall give priority to Hampshire College for guarding dog support services.

An increase of $60,000 is provided for work on damage by squirrels and rodents to maple sap pipelines in Vermont. This funding will be used to establish an ADC specialist position in Vermont. This specialist will work on this and other New England-specific animal damage problems with an emphasis on nonlethal means of control.

Because of the extensive beaver damage in Wisconsin, an increase of $150,000 is provided to supplement State funding. Thousands of dollars are lost to this damage each year in the form of forestry resources, fishery resources, highway department expenses, private industry expenses, and soil rehabilitation costs.

The Committee is aware of the need for a coordinated, areawide approach to the control of nuisance animals in the delta States. Significant losses are attributable to migratory bird problems, beaver damage to forest and croplands, and depredation by coyotes and other predators. In addition, the aquaculture in this region is facing a severe problem with fish-eating birds. To address these problems, the Committee recommends an additional $225,000 for animal damage control research on problems specific to this region.

In addition, the Committee provides $100,000 for a cormorant research and development project. The catfish industry's creation of about 80,000 acres of open-water habitat in the Mississippi Delta has spurred a dramatic increase in cormorants, wading birds, and other waterfowl in that area. Cormorants and other fish-eating birds are inflicting serious losses at catfish ponds, as well as at bait minnow and crawfish operations.

The Committee commends the University of Florida for implementing the first university-based, statewide extension education program in nuisance wildlife management. The Committee requests that APHIS give consideration to initiating a cooperative nuisance wildlife management program with the University of Florida.

It has come to the attention of the Committee that the ADC program in Louisiana suffered in 1987 because of a staff vacancy and the accompanying lack of funding. The Committee directs APHIS to restore full funding of Louisiana.

Grasshopper and Mormon cricket.—The Committee recommends an appropriation of $3,165,000 for the grasshopper and Mormon cricket programs. This amount is $1,429,000 more than the 1987 level, and the same as the budget request. In addition, the Committee again recommends an additional $5,000,000 to be placed in a reserve fund for the control and suppression of grasshoppers and mormon crickets in fiscal year 1988, such funds to remain available until expended.

The Committee strongly supports the integrated pest management project in North Dakota and Idaho and directs that $3,000,000 of funds remaining in the reserve fund be used to support the second year of the effort.

In carrying out its control program, APHIS has insisted on treating continuous blocks of land of at least 10,000 acres. The Committee notes that there are smaller tracts of land that have historically high infestations. If these "hot spots" were treated, the overall control effort could be boosted significantly. Therefore, the Committee directs APHIS to work with local land and grazing associations, as well as other agencies, to identify these smaller, highly infected areas, and make them a part of the Federal control program.

Mediterranean fruit fly.—The Committee recommends $10,218,000 for the Mediterranean fruit fly program. This amount is $1,706,000 more than the 1987 level and $512,000 more than the budget request. The increase will provide additional support for the program and will decrease the need for reprogramming funds and using contingency funds.

The Committee recognizes the importance of the existing barrier designed to protect the domestic fruit industry from the threat posed by potential infestations of Mediterranean fruit flies. The Committee is concerned, however, by the possible environmental consequences of expanding the barrier beyond its current location in Guatemala, particularly in view of recent documentation of widespread misuse of pesticides in Central America. The Committee understands that an environmental assessment of an expanded buffer zone in Guatemala (the MOSCAMED project) will be undertaken very soon by AID. This environmental assessment will give all parties the opportunity to evaluate the environmental impact of the proposed expansion of the buffer zone.

Therefore, the Committee directs that none of the funds provided in this account be used to expand the buffer zone until the assessment is completed and has been reviewed by the appropriate committees of Congress.

Tri-fly.—$700,000 is provided for the first year of a tri-fly eradication experiment in Hawaii.

Imported fire ant.—The Committee is aware of the difficulties that have been encountered in combating the imported fire ant. As imported fire ant infestations continue to spread beyond the generally infested Southeast, it is imperative that an effective control program be implemented. Therefore, the Committee recommends $5,526,000 for the imported fire ant program. This is the same amount that was made available in 1987 and $5,526,000 more than the budget request. The Committee directs APHIS to participate in a cost-sharing control program with infested States. Treatment will be conducted on a 50–50 cost-sharing basis. This appropriation will also fund additional methods development activities for both biological and chemical means to control the imported fire ant on agricultural lands. The Committee also urges APHIS to work with the Agricultural Research Service and private industry to develop a viable control agent.

Avian influenza.—The Committee continues to be very concerned about avian influenza and its potential for losses to our poultry producers. Therefore, the Committee has increased the funding for poultry disease by $357,000 over the budget request. Of these funds, up to $500,000 shall be used for a study to develop a long-term strategy to prevent a crisis similar to the one in 1983 from recurring. This study should include close consultation with State and local governments, industry officials, and the academic research community and should assess the need for aggressive monitoring of the live bird markets in the New Jersey-New York City area. The Committee requests a report on the findings, including a recommended action strategy and the cost required to implement the recommendations, by June 1, 1988.

The Committee notes that the Delmarva Peninsula is an important area of broiler production for the Nation's poultry industry and one of the regions most at risk from the most recent outbreaks of avian influenza. As a result, the Committee directs APHIS to make available $150,000 from the increase in poultry disease research and prevention funds in the bill for avian influenza research at the University of Maryland Eastern Shore. The Committee fully expects this research to be coordinated with the important work done at other Federal and non-Federal facilities throughout the country and expects APHIS to exercise the proper oversight to insure this goal.

Pseudorabies.—The Committee recommends $2,800,000 for the pseudorabies [PRV] program. This amount is $1,300,000 more than was provided in 1987. The President proposes to terminate the program and requests no funding. This increase is provided to allow other States beyond the five original pilot project States to initiate PRV control and eradication programs.

Pseudorabies is a multispecies disease affecting swine, other livestock, and domestic pets. With the successful completion of several pilot projects that evaluated PRV control and eradication procedures, the effort can now progress to an eradication program. Without this funding, PRV control efforts could break down, allowing areas to become reinfected and ultimately increase the total cost of eradication. These funds will be supplemented by producers and States.

Gypsy moth.—Pursuant to a 1985 agreement between USDA and the State of Oregon, APHIS is to provide such sums as may be necessary to complete treatment on those Federal, State, and private lands in Oregon which remain affected by gypsy moth infestation.

Varroa mite.—The Committee is concerned by recent reports of varroa mite infestations and the devastating efforts they may have on the honey industry. Therefore, the Department is urged to do whatever possible to control these outbreaks. Should the Secretary of Agriculture determine it is necessary to destroy bee colonies to control the spread of the varroa mite, the Committee encourages the Secretary to exercise his extraordinary emergency powers to indemnify beekeepers for the loss of their bee colonies.

Animal Welfare Act.—For enforcement of the Animal Welfare Act, the Committee recommends $7,000,000, an increase of $2,078,000 over the budget request, and $1,122,000 more than the 1987 level. As in the past, $750,000 is included in this appropriation for the information service at the National Agricultural Library.

The Committee encourages APHIS to adopt a more vigorous and thorough enforcement policy and directs that the increase be used to place more enforcement agents in the field, provide additional training for inspectors, investigate charges of noncompliance, and inspect facilities more frequently.

Contingencies.—The Committee recommends $5,000,000 for plant disease and pest control contingencies and $5,000,000 for animal disease and pest control contingencies, for a total of $10,000,000. This amount is the same as the amount available in 1987, and $5,500,000 more than the budget request. Bill language is included which allows the use of this contingency for animal damage control purposes.

The Committee is concerned by the Department's practice of redirecting funds within APHIS because such redirection changes the emphasis on programs that Congress establishes. While situations change and emergency circumstances arise which warrant a redirection of funds, the Committee expects the Department to make full use of APHIS contingency funds prior to recommending other redirections.

BUILDINGS AND FACILITIES

1987 appropriation	$2,246,000
1988 budget estimate	2,347,000
Committee recommendation	2,347,000

COMMITTEE RECOMMENDATIONS

For buildings and facilities of the Animal and Plant Health Inspection Service for 1988, the Committee recommends an appropriation of $2,347,000. This amount is the same as the budget estimate and $101,000 more than the amount provided in 1987. This level will provide for recurring construction, alterations, and repairs of existing APHIS facilities.

FOOD SAFETY AND INSPECTION SERVICE

1987 appropriation	$372,973,000
1988 budget estimate	394,654,000
Committee recommendation	395,354,000

The Food Safety and Inspection Service [FSIS] was established on June 17, 1981, by Secretary's Memorandum No. 1000-1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201).

The major objective of FSIS is to ensure that the Nation's commercial supply of meat and poultry products is safe, wholesome, and correctly labeled and packaged, as required by the Federal Meat Inspection Act and the Poultry Products Inspection Act.

The Meat and Poultry Inspection Program of FSIS provides in-plant inspection of all domestic plants preparing meat or poultry products for sale or distribution in commerce; reviews foreign inspection systems and establishments that prepare meat or poultry products for export to the United States; and provides technical and financial assistance to States which maintain meat and poultry inspection programs equal to that of the Federal Inspection Program.

COMMITTEE RECOMMENDATIONS

For the Food Safety and Inspection Service, the Committee recommends an appropriation of $395,354,000. This amount is $22,381,000 more than the amount provided in 1987 and $700,000 more than the budget estimate. The additional funds are provided for increased costs associated with employee pay and retirement, and to maintain effective inspection programs.

The Committee does not concur with the administration's proposal to implement across-the-board user fees to recover the cost of Food Safety and Inspection Service operations and does not assume savings based on user fees.

The Committee recognizes that the Government and the meat and poultry industry share the responsibility for protecting the public through efficient and thorough inspection of meat and poultry products, including examination for deadly bacterial contaminants and harmful chemicals. Acknowledging reports of serious and widespread contamination resulting in severe illness and death, the Committee directs the Secretary to assure that FSIS retains primary control of inspection operations so that safety is not compromised for productivity.

The Committee expects the Secretary to accomplish this control by (1) developing a quick swab test for salmonella, camphylobacter and other deadly bacteria so that levels of these bacteria can be quickly determined; (2) testing and analyzing 30,000 samples of meat and poultry for bacterial contaminants; and (3) establishing bacterial contamination baselines at all major slaughtering plants. Additional funding of $700,000 is provided for these purposes.

Over the past few years, the number of line inspectors has been significantly reduced. The Committee directs the Secretary to retain or hire sufficient additional inspectors to adequately protect the public health.

The Committee further directs the Secretary to conduct an assessment of phase II of the discretionary inspection pilot project before nationwide expansion. Such assessment should include a review of violations and enforcement, consumer safety protections, and employment factors compared to the traditional inspection program. A report summarizing this assessment is to be submitted to the appropriate committees of Congress by September 30, 1988.

The Committee is aware of the Department's intent to relocate its meat inspection training institute from its present location. The linkage of this training institute with a major university is an important step toward improving meat inspection. The Committee directs the Department to locate this facility at a university with advanced facilities for meat research, animal health and disease, meat preservation, and other advanced research capabilities.

The Committee directs that the Department provide the Committee with the detailed criteria that are being used in the selection of the relocation site and to keep the Committee informed of the progress of the selection process.

FEDERAL GRAIN INSPECTION SERVICE

SALARIES AND EXPENSES

1987 appropriation	$6,826,000
1988 budget estimate	7,081,000
Committee recommendation	7,081,000

The Federal Grain Inspection Service [FGIS] was established on November 20, 1976, to carry out and administer the provisions of the U.S. Grain Standards Act [USGSA] (Public Law 94–582). The mission of FGIS is to provide for the establishment of official U.S. standards for grain and other commodities, to promote the uniform application thereof by official inspection personnel, to provide for an official inspection system for grain, and regulate the weighing and certification of the weighing of grain shipped in interstate or foreign commerce as authorized by the USGSA and the regulations thereof; and to carry out the delegated responsibilities under the Agricultural Marketing Act of 1946 [AMA]. The costs of nearly all field services and most headquarters activities are financed from fees charged for services performed. Compliance and standardization activities, international monitoring, and the FGIS Advisory Committee are financed from appropriations.

COMMITTEE RECOMMENDATIONS

For the Federal Grain Inspection Service, the Committee recommends an appropriation of $7,081,000. This amount is the same as the budget request, and $255,000 more than the amount provided in 1987.

INSPECTION AND WEIGHING SERVICES

1987 limitation	$36,829,000
1988 budget estimate	36,856,000
Committee recommendation	36,856,000

The Federal Grain Inspection Service provides an official grain inspection and weighing system under the U.S. Grain Standards Act [USGSA], and official inspection of rice and grain related products under the Agricultural Marketing Act [AMA] of 1946. The USGSA was amended in 1981 to require the collection of user fees to fund the costs associated with the operation, supervision, and administration of Federal grain inspection and weighing activities.

COMMITTEE RECOMMENDATION

The Committee recommends a limitation of $36,856,000 on the obligation of funds collected through user fees. The total limitation is $27,000 more than the amount available in 1987 and the same amount specified in the budget.

AGRICULTURAL COOPERATIVE SERVICE

1987 appropriation	$4,547,000
1988 budget estimate	3,697,000
Committee recommendation	4,697,000

The Agricultural Cooperative Service [ACS] is assigned functions under both the Cooperative Marketing Act of 1926 and functions that relate to the economic and marketing aspects of farmer cooperatives under the Agricultural Marketing Act of 1946. Under the Cooperative Marketing Act, ACS is authorized to: (1) acquire, analyze and disseminate economic, statistical, and historical information regarding the progress, organization, and business methods of cooperative associations in the United States and foreign countries; (2) conduct studies of the economic, legal, financial, social, and other phases of cooperation, including analyses of the organization, operation, financial, and merchandising problems of cooperative associations; (3) make surveys and analyses of the accounts and business practices of representative cooperative associations; (4) confer and advise producers who want to form a cooperative association and make economic analyses of facts relevant to establishing such an association; (5) promote knowledge about cooperative principles and practices; and (6) acquire and disseminate such information.

Under the Agricultural Marketing Act, ACS is authorized to carry out responsibilities relating to the marketing aspects of cooperatives, including economic research and analysis and the application of economic research findings. In addition, ACS is authorized to work with institutions and international organizations and to conduct research to aid new and existing cooperatives.

ACS serves as the focal point of national activity involving agricultural cooperatives. The purpose of ACS is to help farmers help themselves by providing the assistance necessary to support and improve existing cooperatives and to help farmers organize new cooperatives. The studies conducted by ACS, alone or in conjunction with other Federal or State institutions, are intended to provide farmers with information on economic, financial, organizational, legal, and social aspects of cooperative activity.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $4,697,000 for the Agricultural Cooperative Service for the fiscal year 1988. This amount is $150,000 above the amount provided in 1987 and $1,000,000 more than the budget estimate. The Committee rejects the proposed reduction in research on agricultural cooperatives and maintains the bill language which earmarks $99,000 for a field office in Hawaii.

AGRICULTURAL MARKETING SERVICE

The Agricultural Marketing Service [AMS] was established by the Secretary of Agriculture on April 2, 1972. AMS carries out programs authorized by some 31 different statutory authorities, the primary ones being the Agricultural Marketing Act of 1946 (7 U.S.C. 1621–1627); the U.S. Cotton Standards Act (7 U.S.C. 51–65); the Cotton Statistics and Estimates Act (7 U.S.C. 471–476); the Tobacco Inspection Act (7 U.S.C. 511–511q); the Perishable Agricultural Commodities Act (7 U.S.C. 499a–499s); the Egg Products Inspection Act (21 U.S.C. 1031–1056); and section 32 (15 U.S.C. 713c).

The primary objective of AMS is to enhance the marketing and distribution of agricultural products from the Nation's farms. This is achieved through the collection and dissemination of market news information, the establishment of grading standards, inspection and grading services, and various marketing development programs. Approximately three-fourths of the funds needed to finance these activities are derived through user fees.

The Agricultural Marketing Service administers the following programs: Market news service; inspection, grading, and standardization services; market protection and promotion activities; wholesale market development; Federal-State Marketing Improvement Program; Perishable Agricultural Commodities Act; and strengthening markets, income, and supply (section 32). The AMS also provides program-related services for Federal, State, and private agencies on a reimbursable basis.

MARKETING SERVICES

1987 appropriation	$31,435,000
1988 budget estimate	32,819,000
Committee recommendation	32,819,000

COMMITTEE RECOMMENDATIONS

For marketing services, the Committee recommends an appropriation of $32,819,000. This amount is $1,384,000 more than the amount provided in 1987 and the same as the budget estimate.

LIMITATION ON ADMINISTRATIVE EXPENSES

1987 limitation	$28,878,000
1988 budget estimate	30,628,000
Committee recommendation	30,628,000

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) initiated a system of user fees for the cost of grading and classing tobacco, cotton, naval stores, and for warehouse examination. These activities, authorized under the U.S. Cotton Standards Act, the Tobacco Inspection Act, the Naval Stores Act, the U.S. Warehouse Act, and other provisions of law are designed to facilitate commerce and to protect participants in the industry.

COMMITTEE RECOMMENDATIONS

The Committee recommends a limitation on obligations from user fees for these activities of $30,628,000. This is $1,750,000 more than last year's level, and the same as the budget request.

FUNDS FOR STRENGTHENING MARKETS, INCOME, AND SUPPLY (SECTION 32)

(BY TRANSFER)

1987 appropriation	$7,343,000
1988 budget estimate	7,660,000
Committee recommendation	7,660,000

Under section 32 of the act of August 24, 1935 (7 U.S.C. 612c), an amount equal to 30 percent of customs receipts collected during each preceding calendar year and unused balances up to $300,000,000 are available for encouraging the domestic consumption and exportation of agricultural commodities. An amount equal to 30 percent of receipts collected on fishery products is transferred to the Department of Commerce. Additional transfers to the child nutrition programs of the Food and Nutrition Service have been provided in recent appropriation acts.

The section 32 program administered by the Agricultural Marketing Service consists of commodity purchases for the removal of surplus agricultural products and the subsequent donation of these products to domestic feeding programs; the administration of commodity contracting in the commodity purchase services activity; and the administration of marketing agreements and orders.

COMMITTEE RECOMMENDATIONS

The Committee recommends a program that will provide for an unobligated balance of approximately $225,000,449 at the end of fiscal year 1988. This is based on actual customs receipts for calendar year 1985.

The Committee recommends $7,660,000 for the formulation and administration of marketing agreements and orders. This amount is the same as the budget request and $317,000 more than the amount provided in 1987.

CONFIDENTIALITY OF CERTAIN MARKETING ORDER INFORMATION

The Committee includes the provision contained in last year's bill which would ensure that the Secretary maintain in confidence certain information gathered from parties to marketing agreements and orders pursuant to the Agricultural Marketing Amendment Act of 1937. It is the Committee's view that the continuation of this provision would be helpful guidance to the Secretary should he receive a request for the release of such confidential data.

PAYMENTS TO STATES AND POSSESSIONS

1987 appropriation	$942,000
1988 budget estimate	
Committee recommendation	942,000

The Federal-State Marketing Improvement Program is authorized by section 204(b) of the Agricultural Marketing Act of 1946, in which cooperative agreements are authorized between the U.S. Department of Agriculture and State departments of agriculture or similar State agencies. Beginning in fiscal year 1980, those projects funded were coordinated with the Wholesale Market Development Program. These agreements make possible joint Federal/State projects aimed at improving the efficiency of the agricultural marketing chain. The States contribute at least half of the cost of such projects. The work is performed either by State personnel or is contracted out to private industry.

Payments are made to State marketing agencies to assist in testing new marketing innovations to reduce the cost of marketing and seek means for providing more reliable market information, developing better quality commodity grading standards, and developing additional domestic and foreign market outlets. This program has covered such projects as: electronic marketing, telephone auction systems, maintaining and improving the quality of products, reducing marketing costs, expanding outlets for products, collecting and disseminating special State and local market information and statistics, and improving the organizational structure of the marketing system.

COMMITTEE RECOMMENDATIONS

For payments to States and possessions, the Committee recommends $942,000. This amount is the same amount that was provided in 1987. No appropriation was requested in the budget. The Committee finds that this program is necessary for developing innovative marketing techniques.

OFFICE OF TRANSPORTATION

1987 appropriation	$2,397,000
1988 budget estimate	1,361,000
Committee recommendation	2,397,000

The Office of Transportation [OT] was established by Secretary's Memorandum 1966 on December 12, 1978. The Office consolidated several transportation functions of the Department of Agriculture in an attempt to solve problems of United States and world agricultural problems.

Activities of the Office of Transportation have been centered on providing technical assistance to shippers and carriers, providing research, development, and demonstrations of agricultural transport equipment, analyzing the unique transportation needs of rural America, and representing the Department of Agriculture in regulatory actions involving various Federal departments and agencies.

COMMITTEE RECOMMENDATIONS

For the Office of Transportation, the Committee recommends an appropriation of $2,397,000. This amount is the same as the 1987 level and $1,036,000 more than the budget estimate. The Committee does not concur with the administration's request to phase down OT program operations.

In recent years, the Office of Transportation has provided research on rural transportation, information, and technical assistance to carriers and shippers that, especially during emergencies, has been essential to the interests of the American farmer. The Committee finds that through the ongoing activities of OT the unique transportation needs of rural America are responsibly addressed. No other agency of the Department of Agriculture is fully equipped to respond to these day-to-day transportation issues other than OT.

The Committee expects that OT will continue its efforts to examine and work toward methods for improving the Nation's rural roads and bridges. Such work should be conducted in cooperation with other agencies of the Federal Govermment so that rural roads and bridges are recognized as an integral part of a fully integrated national transportation system.

PACKERS AND STOCKYARDS ADMINISTRATION

1987 appropriation	$9,081,000
1988 budget estimate	9,369,000
Committee recommendation	9,369,000

The Packers and Stockyards Administration was reestablished by Secretary's Memorandum No. 1000–1, of June 17, 1981, and administers the Packers and Stockyards Act of 1921. The agency carries out the Secretary's responsibilities under section 1324 of the Food Security Act of 1985 covering central filing systems established by States for prenotification of security interests against farm products. The agency also has responsibility for persons and firms subject to the Packers and Stockyards Act for the Truth-in-Lending Act, the Fair Credit Reporting Act, and Freedom of Information Act.

The principal purpose of the Packers and Stockyards Administration programs is to assure the integrity of the livestock, meat, and poultry markets and the marketplace. This includes fostering fair and open competition and guarding against deceptive and fraudulent practices which affect the movement and price of meat animals and the products therefrom. The work of the agency is also aimed at protecting consumers and members of the livestock, meat, and poultry industries against unfair business practices which can unduly affect meat and poultry distribution and prices.

The Food Security Act of 1985 permits the States to establish central filing systems for the purpose of prenotifying buyers, commission merchants, and seller agents of security interests against farm products. It is the responsibility of the Packers and Stockyards Administration to issue regulations and to certify those systems which meet the criteria set forth in the statute.

COMMITTEE RECOMMENDATIONS

For the Packers and Stockyards Administration, the Committee recommends an appropriation of $9,369,000. This is $288,000 more than the 1987 amount and the same as the budget estimate.

FARM INCOME STABILIZATION

OFFICE OF THE UNDER SECRETARY FOR INTERNATIONAL AFFAIRS AND COMMODITY PROGRAMS

1987 appropriation	$489,000
1988 budget estimate	545,000
Committee recommendation	545,000

The Office of the Under Secretary for International Affairs and Commodity Programs administers the laws enacted by the Congress for the Foreign Agricultural Service, Agricultural Stabilization and Conservation Service, the Commodity Credit Corporation, and the Office of International Cooperation and Development.

COMMITTEE RECOMMENDATIONS

For the Office of the Under Secretary for International Affairs and Commodity Programs, the Committee recommends an appropriation of $545,000, the same as the budget request and $56,000 more than the 1987 level.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

The Agricultural Stabilization and Conservation Service [ASCS] was established by the Secretary of Agriculture on June 5, 1961, under the authority of Reorganization Plan No. 2 of 1953, in accordance with the Reorganization Act of 1949, as amended (5 U.S.C. 901–913). The warehouse examination function was transferred from the Agricultural Marketing Service to ASCS under Secretary's Memorandum 1020–15, effective May 13, 1984. The U.S. Warehouse Act (7 U.S.C. 241–273) is the legislative authority for this program. The Food Security Act of 1985, enacted on December 23, 1985, provided for changes to several existing programs and required the implementation of many new programs, primarily those operated through the Commodity Credit Corporation.

The ASCS conducts its programs in the field through a number of offices. Agricultural Stabilization and Conservation State and county committees are responsible for local administration of a variety of programs dealing directly with the farmer. Through the farmer-elected ASC county committees, ASCS also obtains recommendations and advice in the formulation of program plans and policies. There are 50 ASC State committees, an ASC committee in Puerto Rico, and 3,054 county committees. The Washington headquarters offices and the Kansas City field offices are the principal staff offices for carrying out activities of the Commodity Credit Corporation [CCC]. Such functions include accounting for loans and purchases; acquisition, management, storage, and disposition of commodities; and related transportation and accounting activities.

ASCS licenses warehouses and performs inspections of these facilities, for a fee, to reduce the risk of financial loss to depositors storing commodities at licensed facilities. Inspections are also performed on nonlicensed facilities that have storage contracts with CCC for commodities owned by or pledged as collateral to CCC.

SALARIES AND EXPENSES

(BY TRANSFER)

1987 allotment	$534,743,000
1988 budget estimate	525,749,000
Committee recommendation	586,000,000

The account "Salaries and expenses, Agricultural Stabilization and Conservation Service," funds the administrative expenses of program administration and other functions assigned to ASCS. The funds consist of transfers from the Commodity Credit Corporation [CCC] and miscellaneous advances from other sources. These transfers consolidate all administrative funds used by ASCS into one account. The consolidation provides clarity and better management and control of funds, and facilitates accounting, fiscal, and budgetary work by eliminating the necessity for making individual allocations and allotments and maintaining and recording obligations and expenditures under numerous separate accounts.

Activities carried out under this program include program formulation and appraisal; operation of supply adjustment, conservation, and price support programs; inventory management and merchandising; and warehouse examination.

COMMITTEE RECOMMENDATIONS

For salaries and expenses of the Agricultural Stabilization and Conservation Service, the Committee recommends that $586,000,000 be transferred from the Commodity Credit Corporation. This amount is $51,257,000 more than was provided in 1987 and $60,251,000 more than the budget estimate.

The Committee understands that the current ASCS county office staffing is estimated at 17,800 staff years. The 1988 budget proposes a county staffing level of 13,669 staff years. In view of the current and anticipated high level of program participation by producers in agricultural programs administered by ASCS, the probable use of CCC commodity certificates in 1988 comparable to 1987 levels, and the Committee's continued support of the traditional conservation programs administered by ASCS to preserve our natural resources and improve our water quality, the Committee finds the proposed reduction in county office staffing unacceptable. A staff-year reduction of this magnitude would seriously jeopardize the delivery of farm programs and is well below what is needed to maintain timely services to producers. Therefore, the Committee recommends this increase in order to fund approximately 16,300 county office staff years. This level is still a staffing decrease from current levels, which takes into account expected savings from increased automation and completion of activities associated with the 1986 crop disaster program.

PREVENTED PLANTING DISASTER PAYMENTS

Section 1008 of the Food Security Act of 1985 gives the Secretary of Agriculture authority to make prevented planting disaster payments to producers of peanuts, soybeans, sugar beets, sugarcane, and certain other crops upon a determination by the Secretary that such producers were prevented from planting because of drought, flood, or other natural disaster or condition beyond the control of the producer. Such payments can be made from resources available to the Secretary including those provided through the Commodity Credit Corporation.

The Committee is aware that for the fourth consecutive year a number of parishes in Louisiana normally planted in soybeans were hit by severe weather conditions and for the fourth year were declared natural disaster areas, making those producers eligible for disaster relief programs administered by the Farmers Home Administration. However, the record-breaking rainfall from March 1 through mid-August 1987, which triggered the September 23, 1987, declaration by the Secretary, resulted in direct losses from early plantings and replantings. Few of these producers have established yields; thus, few, if any, are able to demonstrate the 30-percent production loss required to establish eligibility under Farmers Home Administration programs, even though actual losses may greatly exceed this threshhold. Moreover, prevented planting Federal crop insurance is not available for soybean producers.

These producers are facing direct losses estimated at over $13 million, following a 20-percent decrease in crop value in 1986 because of drought; a 44-percent decrease in crop value in 1985 because of damage from three hurricanes; and a 25-percent decrease in crop value in 1984 because of excessive rainfall.

Given this history and the fact that these producers fall outside the safety net provided by existing Farmers Home Administration and Federal crop insurance programs, the Committee is concerned that the Secretary has failed to exercise the authority provided to him in section 1008 which would afford these farmers limited relief.

Therefore, the Committee directs the Secretary to make a determination under section 1008, within 30 days of enactment of this act, whether producers were prevented from planting because of natural disaster in the 15 primary parishes and 16 contiguous parishes in the Louisiana disaster declaration area, and urges the Secretary to make the authorized payment if such a determination is made.

DAIRY INDEMNITY PROGRAM

1987 appropriation	$648,000
1988 budget estimate	
Committee recommendation	100,000

Under this program, the Department makes indemnification payments to dairy farmers and manufacturers of dairy products who, through no fault of their own, suffer losses because they are directed to remove their milk from commercial markets due to contamination of their products by registered pesticides. The program also authorizes indemnity payments to dairy farmers for losses resulting from the removal of cows or dairy products from the market due to nuclear radiation or fallout. The authorization for this program was extended through September 30, 1990, by the Food Security Act of 1985 (Public Law 99–198).

COMMITTEE RECOMMENDATIONS

For the Dairy Indemnity Program, the Committee recommends $100,000. This amount is $548,000 less than the 1987 level. No funds were requested in the President's budget.

CORPORATIONS

FEDERAL CROP INSURANCE CORPORATION

ADMINISTRATIVE AND OPERATING EXPENSES

1987 appropriation	$209,568,000
1988 budget estimate	214,995,000
Committee recommendation	214,995,000

The Federal Crop Insurance Corporation [FCIC], a wholly owned Government corporation, was created on February 16, 1938 (7 U.S.C. 1501–1520), to carry out the provisions of the Federal Crop Insurance Act. The purpose of the Corporation is to promote the national welfare by improving the economic stability of agriculture through a sound system of crop insurance.

The Federal Crop Insurance Corporation provides a cost-sharing insurance program for agricultural producers to protect their production investment against unavoidable risks. The crop insurance program constitutes a joint effort by the private insurance industry and the Government. The private insurance companies and agents are being utilized in the delivery of the program to the farmers.

The Federal Crop Insurance Program comprises the following major activities: (1) underwriting, actuarial, and program development which consists of the development of crop insurance programs and the establishment and maintenance of rates and coverages for crops in each county; (2) reinsured companies which covers the insurance companies' costs of insurance marketing, distribution, servicing, training, quality control, and loss adjustment functions. The companies also share with FCIC to a limited extent in both profits and losses; (3) agency sales and service agreements and loss adjustment contracts consist of what is commonly referred to as master marketing agreements and the loss adjustment contracts associated with direct insurance operations. Under this type of agreement, private insurance companies and associations are offered the opportunity to contract with FCIC to provide insurance sales and services. Also included are amounts necessary for the loss adjustment activities contracted by FCIC, which are associated with these contracts; (4) compliance consists of reviews of the activities of the reinsured companies to assure compliance and uniformity in loss adjustment procedures, training development, quality control methods utilized and, in general, all service operating facets of the crop insurance program; (5) program management and administrative support consists of the contract administration and marketing for the dual delivery system of crop insurance as well as administrative support in financial, management services, and personnel management for FCIC.

The various crop insurance programs are planned, developed, and monitored by the FCIC headquarters office located in Washington, DC, and its national operations office located in Kansas City, MO. The program is administered in the field through 18 field operations offices and 11 field actuarial offices. Selling and servicing at the county level is performed primarily by agents operating under agency sales and service agreements (master marketing agreements) and agents of reinsured companies. The adjustment of losses is performed primarily by adjusters and reinsured companies under contract with FCIC. Also, ASCS performs some support on a reimbursable basis for the Corporation.

COMMITTEE RECOMMENDATIONS

For administrative and operating expenses of the Federal Crop Insurance Corporation, the Committee recommends an appropriation of $214,995,000. This amount is $5,427,000 more than the amount provided in 1987 and the same as the budget estimate.

The Committee notes that the Federal Crop Insurance Corporation has, in recent months, placed a higher emphasis on the Compliance Division and its functions both in delivery systems as well as program operations. The Committee expects this emphasis to continue with quarterly reports to the appropriate committees of the Congress regarding the progress of the Compliance Division.

The Committee encourages the expansion of the nationwide crop insurance program as the primary form of Federal disaster protection for farmers and reaffirms the intent of Congress that applicants for emergency financial assistance for crop losses for which crop insurance was available shall be ineligible for such assistance in accordance with section 1308 of the Food Security Act of 1985 (Public Law 99–198).

The Committee recognizes that there is a crop insurance demand for ornamental horticultural crops. Since Florida is a leading producer of horticultural crops, a great portion of nursery crop insurance is purchased by Florida growers. However, because of unique growing conditions in Florida and the current policy structures, more insurance premium would be sold in Florida if FCIC would amend its current insurance policy or develop a separate policy for Florida. The Committee encourages the FCIC to consider making appropriate changes.

FCIC FUND

1987 appropriation	$135,743,000
1988 budget estimate	284,823,000
Committee recommendation	284,823,000

The Federal Crop Insurance Act of 1980, as amended, authorizes the payment of up to 30 percent of the adjusted insurance premium paid by agricultural producers participating in the program. Subsidies will be paid by the Corporation based upon 30 percent of the risk premium (reduced, where applicable, for hail and fire exclusion) on any coverage under the Corporation's policy of insurance of up to a maximum of 65 percent of the recorded or appraised yield, and encourage the broadest possible participation of agricultural producers in the program.

COMMITTEE RECOMMENDATIONS

For the FCIC fund, the Committee recommends an appropriation of $284,823,000, which is the same as the budget estimate and $149,080,000 more than the amount available in 1987.

COMMODITY CREDIT CORPORATION

The Commodity Credit Corporation [CCC] is a wholly owned Government corporation created in 1933 to stabilize, support, and protect farm income and prices; to help maintain balanced and adequate supplies of agricultural commodities, including products, foods, feeds, and fibers; and to help in the orderly distribution of these commodities. CCC was originally incorporated under a Delaware charter and was reincorporated June 30, 1948, as a Federal corporation within the Department of Agriculture by the Commodity Credit Corporation Charter Act, approved June 29, 1948 (15 U.S.C. 714).

The principal operations conducted by CCC are support programs for agricultural commodities, including the storage, handling, and disposition of commodities acquired under the programs; set-aside or acreage reduction, loan deficiency, deficiency, disaster, and/or diversion payment programs for feed grains, wheat, rice, and cotton; certificate programs; a conservation reserve program; and special activities, such as those under the Agricultural Trade Development and Assistance Act of 1954, (Public Law 480), which are financed by appropriations authorized by statutes providing for these activities. Under the Food for Peace Act of 1966, CCC may finance short-term export sales on credit terms not to exceed 3 years, and intermediate-term export credit sales in excess of 3 years, but not more than 10 years. The Corporation is also authorized under its charter to enter into export guarantee financing arrangements with respect to exported commodities.

Management of the Corporation is vested in a board of directors, subject to the general supervision and direction of the Secretary of

Agriculture, who is an ex-officio director and chairman of the board. The board consists of seven members, in addition to the Secretary, who are appointed by the President of the United States with the advice and consent of the Senate. Officers of the Corporation are designated according to their positions in the Department of Agriculture.

The activities of the Corporation are carried out mainly by the personnel and through the facilities of the Agricultural Stabilization and Conservation Service [ASCS] and the Agricultural Stabilization and Conservation [ASC] State and county committees. The Foreign Agricultural Service, the General Sales Manager, other agencies and offices of the Department, and commercial agents are also used to carry out certain phases of the Corporation's activities.

The Corporation's capital stock of $100,000,000 is held by the United States. Under present law up to $25,000,000,000 may be borrowed from the U.S. Treasury, from private lending agencies, and from others, at any one time. The Corporation reserves a sufficient amount of its borrowing authority to purchase at any time all notes and other obligations evidencing loans made by such agencies and others. All bonds, notes, debentures, and similar obligations issued by the Corporation are subject to approval by the Secretary of the Treasury.

Under Public Law 87–155 (15 U.S.C. 713a–11, 713a–12), annual appropriations are authorized for each fiscal year, commencing with fiscal year 1961. These appropriations are to reimburse the Corporation for net realized losses.

REIMBURSEMENT FOR NET REALIZED LOSSES

1987 appropriation	$25,361,995,000
1988 budget estimate	(1)
Committee recommendation	21,133,658,000

[1] Requested as a permanent, indefinite appropriation.

COMMITTEE RECOMMENDATIONS

For reimbursement for net realized losses, the Committee recommends $21,133,658,000. This amount is $4,228,337,000 less than the 1987 reimbursement. The budget requested a permanent, indefinite appropriation and estimated that $21,133,658,000 will be necessary to reimburse the Corporation for net realized losses.

CCC BORROWING AUTHORITY

In addition, the Committee recommends bill language increasing the level of borrowing authority for the Commodity Credit Corporation from $25,000,000,000 to $40,000,000,000. In the last 3 years, CCC has suspended its operations on five occasions. These suspensions halted all CCC program disbursements including checkwriting and wire transfers from commodity loans, dairy purchases, producer and commercial storage payments, deficiency and diversion payments, conservation reserve program payments, and CCC export guarantee claims, and caused considerable inconvenience and hardship to many farmers.

While the Committee has made every effort to appropriate the amounts estimated to be necessary in the past, those estimates are difficult to make in advance and the shortfalls have resulted. In order to avoid this occurrence in the future, the increased borrowing authority is provided. The Committee continues to expect the Department to provide full estimates of losses to the Corporation.

GENERAL SALES MANAGER

(BY TRANSFER)

1987 allotment	$6,953,000
1988 budget estimate	7,244,000
Committee recommendation	7,244,000

The General Sales Manager was established pursuant to section 5(f) of the charter of the Commodity Credit Corporation and 15 U.S.C. 714–714p. The funds allocated to the General Sales Manager are used for conducting the following programs: (1) CCC Export Credit Guarantee Program (GSM–102), (2) Intermediate Credit Guarantee Program (GSM–103), (3) Public Law 480, (4) section 416 Overseas Donations Program, (5) Export Enhancement Program, (6) Targeted Export Assistance Program, and (7) programs authorized by the Commodity Credit Corporation Charter Act including barter, export sales of most CCC-owned commodities, export payments, and other programs as assigned to encourage and enhance the export of U.S. agricultural commodities.

COMMITTEE RECOMMENDATIONS

For the General Sales Manager, the Committee recommends a transfer of $7,244,000 from Commodity Credit Corporation funds, the same as the budget estimate. This is $291,000 more than the amount available for fiscal year 1987.

Commercial export credit programs.—The Food Security Act of 1985 makes available not less than $5,000,000,000 in credit guarantees under its Export Credit Guarantee Program for short-term credit (GSM–102) through fiscal year 1990. In addition, the Food Security Act of 1985 makes available not less than $500,000,000 for intermediate export credit guarantees (GSM–103) through fiscal year 1988, and not more than $1,000,000,000 in fiscal year 1989 and fiscal year 1990. To emphasize the importance of these programs to U.S. agricultural trade policy, the Committee has included bill language on short-term and intermediate export credit identical to language included in the Food Security Act.

In operation since 1980, GSM–102 guarantees repayment of short-term loans made to eligible countries that purchase U.S. farm products. In 1986, FAS made 4,200,000,000 dollars' worth of short-term guarantees available to 26 countries for a variety of commodities. Exports valued at more than $2,500,000,000 were registered under the program. For 1987, FAS has made available 3,821,000,000 dollars' worth of short-term guarantees for 26 countries with approximately $2,600,000,000 registered.

GSM–103 has enabled developing countries to make the transition from concessional financing to cash purchases. In 1987, FAS approved 411,000,000 dollars' worth of intermediate guarantees and registered exports valued at approximately $200,000,000.

The Committee supports the continued commitment to commercial export credit programs. Noting particularly the overall success of GSM–102, the Committee rejects the administration's proposal to reduce available credit and further emphasizes that GSM–102 and GSM–103 were designed to work in conjunction with the Export Enhancement Program and other promotional programs and must not be supplanted by them.

It is important that the United States maintain its commitment to the GSM–102 program for the following reasons:

—The foreign exchange difficulties of many developing countries are likely to persist, suggesting they will have a continued need for credit.

—Other exporters have increasingly made use of credit as an export promotion tool; the United States will, therefore, need to use credit aggressively to maintain markets.

—GSM–102 is not only a stand-alone credit program, but in many instances, particularly recently, it has been used in conjunction with the Export Enhancement Program [EEP] to make sales terms more attractive. Thus, the EEP's continued success depends to a degree on the continued availablity of GSM–102.

—As U.S. competitiveness is restored through a more realistically valued dollar, EEP sales and other means, U.S. market share can be expected to grow at a more rapid pace than world demand growth as a whole. Therefore, one cannot safely infer that lower levels of participation in the GSM–102 program will persist in coming years; indeed, it may be that in the near future, this program will be most urgently needed.

—The United States is presently engaged in sensitive negotiations on agricultural trade in the Uruguay round of GATT negotiations. It is important that other nations do not perceive the United States to be weakening in its commitment to maintain markets through a variety of export programs.

TITLE II—RURAL DEVELOPMENT AND ASSISTANCE PROGRAMS

RURAL DEVELOPMENT ASSISTANCE

OFFICE OF THE UNDER SECRETARY FOR SMALL COMMUNITY AND RURAL DEVELOPMENT

1987 appropriation	$410,000
1988 budget estimate	462,000
Committee recommendation	462,000

The Office of the Under Secretary for Small Community and Rural Development provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's small community and rural development activities and crop insurance programs. The Office has oversight and management responsibilities for the Farmers Home Administration, Rural Electrification Administration, and the Federal Crop Insurance Corporation.

COMMITTEE RECOMMENDATION

For the Office of the Under Secretary for Small Community and Rural Development, the Committee recommends $462,000. This is $52,000 more than the 1987 level and the same as the budget request.

FARMERS HOME ADMINISTRATION

The Farmers Home Administration provides credit for those in rural America who are unable to get credit from other sources at reasonable rates and terms. Loan programs are administered through the Agricultural Credit Insurance Fund, the Rural Housing Insurance Fund, the Rural Development Insurance Fund, and the Rural Development Loan Fund. The agency also administers several grant programs.

The agency was established by the Farmers Home Administration Act of 1946 and operates principally under the Consolidated Farm and Rural Development Act, as amended (7 U.S.C. 1921 et seq.) and title V of the Housing Act of 1949, as amended (42 U.S.C. 1471 et seq.).

The Farmers Home Administration makes loans from funds borrowed from the U.S. Treasury and from sales of certificates of beneficial ownership to the Federal Financing Bank.

COMMITTEE RECOMMENDATIONS

The following table reflects the loan and grant program levels of programs administered by the agency in 1987, proposed in the budget for 1988, and recommended by the Committee:

LOAN AND GRANT LEVELS

[In millions of dollars]

	1987 level	1988 budget	Committee recommendation
Rural Housing Insurance Fund:			
Very low-income housing repair loans (sec. 504)	11.3		11.3
Low-income housing loans (sec. 502)	1,339.8		1,339.8
Rural rental housing loans (sec. 515)	554.9		554.9
Domestic farm labor housing loans (sec. 514)	11.5		11.5
Rural housing site development loans (sec. 524)	.6		.6
Rural rental assistance agreements	275.3		275.3
Subtotal, Rural Housing Insurance Fund	2,193.4		2,193.4
Self-help Housing Land Development Fund	.5		.5
Agricultural Credit Insurance Fund:			
Farm ownership loans (insured)	75.0	130.0	130.0
Farm ownership loans (guaranteed)	325.0	390.0	390.0
Farm operating loans (insured)	1,425.0	870.0	870.0
Farm operating loans (guaranteed)	2,170.0	2,610.0	2,610.0
Emergency disaster loans	695.0	600.0	600.0
Soil and water loans (insured)	11.0		11.0
Soil and water loans (guaranteed)	3.0		3.0
Indian land acquisition loans	2.0		2.0
Soil conservation loans	9.2		9.2
Subtotal, Agricultural Credit Insurance Fund	4,715.2	4,600.0	4,625.2
Rural Development Insurance Fund:			
Water and waste disposal loans	330.4		330.4
Industrial development loans (guaranteed)	95.7		95.7
Community facility loans	95.7		95.7
Subtotal, Rural Development Insurance Fund	521.8		521.8
Rural Development Loan Fund			16.5
GRANT PROGRAMS			
Water and waste disposal grants	109.4		109.4
Domestic farm labor housing grants	9.5		9.5
Mutual and self-help housing grants	8.0		8.0
Very low-income housing repair grants (sec. 504)	12.5		12.5
Rural community fire protection	3.1		3.1
Compensation for construction defects	.7		.7
Rural housing preservation grants	19.1		20.0
Rural industrial grants	3.0		10.0
Vouchers		378.1	
Total, grant programs	165.3	378.1	173.2
Total, FmHA loans and grants	7,596.2	4,978.1	7,530.6

NOTE.—Totals may not add due to rounding.

Rural Housing Insurance Fund

The Rural Housing Insurance Fund was established under the authority contained in section 1003(a) of the Housing and Urban Development Act of 1965 (Public Law 89–117), approved August 10, 1965. Public Law 89–117 authorized an appropriation of such sums as may be necessary for the purposes of the fund.

This fund may be used to insure or guarantee rural housing loans; loans for modernizing or improving rural dwellings, especially in order to make them safer or more sanitary; loans for rural rental and cooperative housing; farm labor housing loans; rural housing site loans; and mobile home park loans. Beginning in fiscal year 1978, rental assistance payments were made from the fund. Loan programs are limited to rural areas which include towns, villages and other places of not more than 10,000 population, which are not part of an urban area, and areas with a population in excess of 10,000 but less than 20,000 if such area is not included in a standard metropolitan statistical area [SMSA] and has a serious lack of mortgage credit for low- and moderate-income borrowers.

This fund provides a variety of loans, within the income categories mentioned, including the following low-income housing assistance: subsidized loans for repairs, general purpose loans, domestic farm labor loans, and rental or cooperative loans. Unsubsidized loans for low-income persons include site loans and certain repair loans.

INSURED LOANS

1987 loan level	$1,918,093,000
1988 budget estimate	
Committee recommendation	1,918,093,000

Very low-income housing repair loans (section 504).—Loans are made to eligible very low-income applicants who are owners of farms or nonfarm rural property, for the purpose of improving or modernizing a rural dwelling, making the dwellings safer or more sanitary, or removing hazards. The Secretary determines the maximum amount of the loan. These secured loans are made at 1 percent interest and are repayable within 20 years, except that a loan for less than $2,500 need only be secured by a promissory note.

Rural housing building and repair loans (section 502).—Loans are made to enable eligible low-income applicants to purchase, construct, improve, alter, repair, or replace dwellings in rural areas, if their need for necessary housing cannot be met with financial assistance from other sources. Not less than 40 percent of the funding authorized nationally shall be set aside and 30 percent in each State will be available for very low-income families. These loans bear a note rate based on the cost of money to the Treasury with provisions for interest credit which may reduce the interest rate to as low as 1 percent under certain circumstances. Such loans may not exceed amounts necessary to provide adequate housing, modest in size, design, and cost.

Rural rental and cooperative building loans (section 515).—Loans are authorized to be made to individuals, corporations, Indian tribes, associations, public bodies, trusts, or partnerships to provide moderate cost rental or cooperative housing and related facilities for elderly or handicapped persons or families and other persons of low and moderate income in rural areas. Repaired or rehabilitated rental projects are encouraged in order to provide affordable housing. These loans are repayable in not more than 50 years and currently bear a note rate based on the cost of money to the Treasury with provision for interest credit to tenants which may reduce the interest rate to as low as 1 percent under certain circumstances. These loans are made only if the need for necessary housing cannot be met with financial assistance from other sources except in the case of public bodies. The Farmers Home Administration has in the past made its rural rental housing loans in conjunction with the Department of Housing and Urban Development's section 8 Rent Subsidy Program. Loans made for units that will receive section 8 assistance bear an interest rate that is reduced either 1 or 2 percent below the unsubsidized rate, depending upon the circumstances of the individual project.

Farm labor housing loans (section 514).—Loans are authorized to be made to a farm owner, to certain public or broad-based private nonprofit organizations, public bodies, or to a nonprofit organization of farm workers to provide modest living quarters, basic household furnishing, and related facilities, including land necessary for an adequate site, for domestic farm labor. Loans will be made based on a determination of need considering housing needs of domestic farm labor, including migrant farm workers in the area, without regard to other housing needs in the area. These loans are repayable in not more than 33 years and bear interest not in excess of 1 percent, except under certain circumstances. Loans to organizations may be made simultaneously with farm labor housing grants which are discussed elsewhere in this report.

Rural housing site loans (section 524) (unsubsidized).—Loans are made for purchase and development of land to be subdivided into building sites for low to moderate income housing borrowers and rural rental and cooperative housing borrowers. Insured loans are made at a note rate based on the cost of money to the Treasury, and are repayable in 2 years.

COMMITTEE RECOMMENDATIONS

For insured loans, the Committee recommends a level of $1,918,093,000. This amount is the same as the amount that was available for fiscal year 1987.

The table at the beginning of the Farmers Home Administration section of this report illustrates the distribution of these funds among the various housing programs.

The budget request contained no funding for the traditional housing programs. Rather, it proposed a housing voucher program funded at $378,130,000 in 1988. The Committee rejects this proposal.

RURAL RENTAL ASSISTANCE PAYMENTS

1987 limitation	$275,310,000
1988 budget estimate	
Committee recommendation	275,310,000

The Housing and Community Development Act of 1974 established a Rural Rental Assistance Program to be administered by Farmers Home Administration through the Rural Housing Insurance Fund.

The objective of the program is to reduce rents paid by low-income families living in FmHA-financed rental projects and farm labor housing facilities. Under this program, low-income tenants will contribute the higher of (1) 30 percent of monthly adjusted income, (2) 10 percent of monthly income, or (3) designated housing payments from a welfare agency.

Payments from the fund are made to the project owner for the difference between the tenant's payment and the approved rental rate established for the unit.

The program is administered in tandem with FmHA section 515 rural rental and cooperative housing programs, and the farm labor loan and grant programs. Priority will be given to existing projects for units occupied by low-income families to extend expiring contracts or provide full amounts authorized to existing contracts; any remaining authority will be used for projects receiving new construction commitments under sections 514, 515, or 516 for very low-income families with certain limitations.

COMMITTEE RECOMMENDATIONS

For rural rental assistance payments, the Committee recommends an authorization of $275,310,000, which is the same as the amount available in fiscal year 1987, and $275,310,000 above the budget request. Of this amount, $115,000,000 is for newly constructed units financed under the FmHA rural rental housing and farmworker housing program and $160,310,000 to be used for renewal of existing contracts and for servicing of units with high vacancy rates. This recommendation will result in assistance to some 10,000 newly constructed units and approximately 13,500 units eligible for renewal or servicing.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1987 appropriation	2,296,283,000
1988 budget estimate	2,964,249,000
Committee recommendation	2,964,249,000

This appropriation will reimburse the Rural Housing Insurance Fund [RHIF] for funded interest subsidies and losses incurred in fiscal year 1986, and fiscal year 1985 not previously fully reimbursed. Section 521(c)(1) of the Housing Act of 1949, as amended, authorizes annual appropriations to the Rural Housing Insurance Fund of the amounts by which interest payments made from the fund to investors in insured loans exceed the interest due from borrowers. In addition, section 517(e) of the act authorizes appropriations to restore all other losses to the fund. The amount requested is exclusive of provision for future losses, unfunded costs, and imputed interest.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses, the Committee recommends an appropriation of $2,964,249,000. This is $667,966,000 more than was provided in 1987 and the same as the budget estimate.

SELF-HELP HOUSING LAND DEVELOPMENT FUND

1987 loan level	$500,000
1988 budget estimate	
Committee recommendation	500,000

This fund is authorized by section 523(b)(1)(B) of the Housing Act of 1949, as amended. It is used as a revolving fund for making loans to public or private nonprofit organizations for the acquisition and development of land as building sites to be subdivided and sold to eligible families, nonprofit organizations, and cooperatives.

COMMITTEE RECOMMENDATIONS

The Committee recommends $500,000 for self-help housing land development loans. There was no budget request. This level is the same as the 1987 appropriation.

AGRICULTURAL CREDIT INSURANCE FUND

The Agricultural Credit Insurance Fund is used to insure or guarantee farm ownership, soil and water, farm operating, and emergency loans to individuals, as well as the following types of loans to associations: irrigation and drainage, grazing, Indian tribe land acquisition, watershed protection, flood prevention, and resource conservation and development. The insurance endorsement on each insured loan may include an agreement by the Government to purchase the loan after a specified initial period.

FmHA is also authorized to provide financial assistance to borrowers by guaranteeing loans made by private lenders having a contract of guarantee from FmHA as approved by the Secretary of Agriculture.

The following programs are financed through this fund:

Farm ownership loans.—Made to borrowers who cannot obtain credit elsewhere to restructure their debts, improve or purchase farms, refinance nonfarm enterprises which supplement but do not supplant farm income, or make additions to farms. An insured loan may not exceed $200,000, and a guaranteed loan may not exceed $300,000. Loans are made for 40 years or less.

Farm operating loans.—Provide short-to-intermediate term production or chattel credit to farmers who cannot obtain credit elsewhere, to improve their farm and home operations, and to develop or maintain a reasonable standard of living. An insured loan may not exceed

$200,000, and a guaranteed loan is limited to $400,000. The term of the loan varies from 1 to 7 years.

Emergency disaster loans.—Made available in designated areas (counties) and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared by the President or designated for emergency loan assistance by the Secretary of Agriculture. The loan may be up to $500,000.

Soil and water conservation loans.—Made to individuals, cooperatives, corporations, or partnerships who own and/or operate a farm, for land and water development, use and conservation. The loan limit is $200,000 for an insured loan and $300,000 for a guaranteed loan. The repayment period may be up to 40 years.

Indian tribe land acquisition loans.—Made to qualified Indian tribes or tribal corporations to acquire land or interests in land within the tribes' reservations or Alaskan Indian community, as determined by the Secretary of the Interior, for use of the tribe or the corporation or the members thereof. Loans are made for 40 years or less.

Watershed protection and flood prevention loans.—Made to sponsors of projects approved for operation by the Soil Conservation Service. Loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way, and covering related costs. Loans are for not more than 50 years and not more than $10,000,000 for any single plan.

Resource conservation and development loans.—Made to local sponsoring organizations when needed for financing the local share of the cost of installing, repairing, or improving works of improvement and water storage facilities, purchasing sites or rights-of-way and for related costs in approved resource conservation and development projects. No loan may be made until the Soil Conservation Service and the local organization have agreed on a plan for development work. These loans are repayable in not more than 30 years.

FARM OWNERSHIP LOANS

	Insured	Guaranteed	Total
1987 loan level	$75,000,000	$325,000,000	$400,000,000
1988 budget estimate	130,000,000	390,000,000	520,000,000
Committee recommendation	130,000,000	390,000,000	520,000,000

Subtitle A of the Consolidated Farm and Rural Development Act contains authorizations for farm ownership loans. Farm ownership loans are used for maintaining the family farm by helping owner-operators to restructure their debts or make adjustments in their operations to comply with local sanitation or other requirements, to keep up with advances in agricultural technology, or to better use their land and labor resources to meet changing market requirements. Ownership loans are also used to purchase and develop farms, especially for beginning farmers.

COMMITTEE RECOMMENDATIONS

The Committee is recommending a total program level of $520,000,000 for farm ownership loans. This is $120,000,000 above the amount available in fiscal year 1987 and the same as the budget request. Of this amount, $130,000,000 is for insured loans, and $390,000,000 is for guaranteed loans.

OPERATING LOANS

	Insured	Guaranteed	Total
1987 loan level	$1,425,000,000	$2,170,000,000	$3,595,000,000
1988 budget estimate	870,000,000	2,610,000,000	3,480,000,000
Committee recommendation	870,000,000	2,610,000,000	3,480,000,000

Subtitle B of the Consolidated Farm and Rural Development Act contains the authorization for insured and guaranteed operating loans. These loans are accompanied by supervisory assistance in farm and financial management. Operating credit is needed by family farmers throughout the United States who are unable to obtain credit from private and cooperative sources. This helps to provide opportunity for farm operators and encourage farm families to remain in rural areas.

COMMITTEE RECOMMENDATIONS

The Committee is recommending a total program level of $3,480,000,000 for operating loans. This amount is the same as the budget request and $115,000,000 below the amount available in 1987. Within the total program level, $870,000,000 is recommended for insured operating loans, and $2,610,000,000 is recommended for guaranteed operating loans. This will continue a shift toward less direct and more guaranteed operating credit available through FmHA.

REAL ESTATE LOANS (OTHER THAN FARM OWNERSHIP)

	Insured	Guaranteed	Total
1987 loan level	$13,000,000	$3,000,000	$16,000,000
1988 budget estimate			
Committee recommendation	13,000,000	3,000,000	16,000,000

These loans include Indian land acquisition loans, and soil and water loans. Indian land acquisition loans are made to Indian tribes or tribal corporations to acquire lands or an interest in lands within the tribe's reservation or Alaskan Indian community. Soil and water loans are made to owners and/or operators of farms to fund soil conservation and development, forestation, drainage of farm land, establishment of a permanent pasture, pollution control or energy-saving measures.

COMMITTEE RECOMMENDATIONS

For real estate loans, other than farm ownership loans, the Committee recommends $16,000,000, which is $16,000,000 above the budget request. Included in this program level is $11,000,000 for insured soil and water loans, $3,000,000 for guaranteed soil and water loans, and $2,000,000 for insured Indian land acquisition loans.

SOIL CONSERVATION LOANS

1987 loan level	$9,156,000
1988 budget estimate	
Committee recommendation	9,156,000

Public Law 92–419, approved August 30, 1972, provided for making insured loans for watershed works of improvement, flood prevention, and resource conservation and development.

Watershed and flood prevention loans are made to local organizations for financing the local share of the cost of installing or repairing works of improvement and water storage facilities, purchasing sites or rights-of-way and covering related costs. Loans are repayable in not more than 50 years at an interest rate based on the average rate paid by the U.S. Treasury on obligations of similar maturity.

Resource conservation and development loans are made to sponsors of projects approved for operation by the Soil Conservation Service. Such loans are repayable in not more than 30 years, and bear interest at a rate based on the average rate paid by the Treasury on issues of similar maturity.

COMMITTEE RECOMMENDATION

For soil conservation loans, the Committee recommends $9,156,000, including $7,949,000 for watershed and flood prevention loans and $1,207,000 for resource conservation and development loans. This amount is the same as the amount provided in 1987.

EMERGENCY DISASTER LOANS

1987 loan level	$695,000,000
1988 budget estimate	600,000,000
Committee recommendation	600,000,000

Emergency loans are made available in designated areas and in contiguous counties where property damage and/or severe production losses have occurred as a direct result of a natural disaster. Areas may be declared or designated for emergency loan assistance by the President, Secretary of Agriculture, or the Administrator of FmHA.

Emergency loans are made to established eligible farmers, ranchers, and aquaculture operators. Partnerships and private domestic corporations and cooperatives may also qualify, providing they are primarily engaged in agricultural or aquacultural production. Loans may be made for actual losses arising from natural disasters.

Actual loss loans may be made for physical losses to repair, restore, or replace damaged or destroyed farm property, livestock, and livestock products, and supplies, and for production losses to compensate for loss of income based on reduced production of crops and/or livestock products resulting from the disaster. Eligible farmers may use actual loss loan funds to purchase livestock, poultry, or other animals and pay costs incident to reorganizing a farming system to make it a sound operation. The reorganized farming operation, however, must be approximately equivalent in earning capacity to the operation conducted prior to the disaster. Under certain conditions, loan funds may be used to buy essential home equipment and furnishings and for limited refinancing of debts.

COMMITTEE RECOMMENDATIONS

For emergency disaster loans, the Committee recommends $600,000,000, the full amount authorized by the Food Security Act of 1985 (Public Law 99–198), and the same as the budget request. Of the $695,000,000 that was available in 1987, $400,000,000 was used for direct emergency disaster payments as a result of floods and drought.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND OTHER LOSSES

1987 appropriation	$1,723,403,000
1988 budget estimate	3,627,153,000
Committee recommendation	3,627,153,000

This appropriation will reimburse the Agricultural Credit Insurance Fund for interest subsidies and losses incurred through September 30, 1986, and those from prior years which have not yet been reimbursed. Losses result primarily from (1) writeoff of uncollectable loans and (2) interest costs incurred because of the difference between interest rates charged to borrowers and the rate which the Government must pay for its own borrowing.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and other losses, the Committee recommends an appropriation of $3,627,153,000. This amount is $1,903,750,000 more than was provided in 1987 and the same as the budget estimate.

RURAL DEVELOPMENT INSURANCE FUND

The Rural Development Act of 1972 authorized the establishment of the Rural Development Insurance Fund under section 309A of the Consolidated Farm and Rural Development Act. This act provided for transfer to the Rural Development Insurance Fund the assets and liabilities of the Agricultural Credit Insurance Fund applicable to loans for water systems and waste disposal facilities. This fund is used to insure or guarantee loans for water systems and waste disposal facilities, community facilities, and industrial development in rural areas.

WATER AND WASTE DISPOSAL LOANS

1987 loan level	$330,380,000
1988 budget estimate	
Committee recommendation	330,380,000

Loans are made to public bodies, organizations operated on a not-for-profit basis, and Indian tribes on Federal and State reservations and other federally recognized Indian tribes, for the development of storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. A rural area includes any area in any city or town which has a population of not more than 10,000 inhabitants.

COMMITTEE RECOMMENDATIONS

For water and waste disposal loans, the Committee recommends a level of $330,380,000. This amount is $330,380,000 more than the budget estimate and the same as the level available in 1987.

INDUSTRIAL DEVELOPMENT LOANS

1987 loan level	$95,700,000
1988 budget estimate	
Committee recommendation	95,700,000

These guaranteed loans are made to public, private, or cooperative organizations organized for profit or nonprofit, to certain Indian tribes, or to individuals for the purpose of improving the economic and environmental climate in rural areas. Such purposes include financing business and industrial acquisition, construction, conversion, enlargement, repair or modernization; financing the purchase and development of land, easements, rights-of-way, buildings, equipment, facilities, machinery, supplies and materials; and paying start-up costs and supplying working capital. Industrial development loans may be made in any area that is not within the outer boundary of any city having a population of 50,000 or more and its immediately adjacent urbanized and urbanizing areas with a population density of more than 100 persons per square mile. Special consideration for such loans is given to rural areas and cities having a population of 25,000 or less. Loans may be guaranteed by FmHA not to exceed 90 percent of the loss. Loans are repayable in not more than 30 years, depending on the loan purpose, and bear interest at a rate agreed upon by the lender and borrower.

COMMITTEE RECOMMENDATIONS

For guaranteed industrial development loans for fiscal year 1988, the Committee recommends a level of $95,700,000. This amount is the same as the amount available in 1987. No request was made by the administration.

COMMUNITY FACILITY LOANS

1987 loan level	$95,700,000
1988 budget estimate	
Committee recommendation	95,700,000

Loans are made to public bodies, organizations operated on a not-for-profit basis, and Indian tribes on Federal and State reservations and other federally recognized Indian tribes, to construct, enlarge, extend, or otherwise improve community facilities providing essential services to rural residents. Such facilities include those providing or supporting overall community development such as fire and rescue services, health care, hydroelectric generation, and community, social, and cultural benefits. Loans are made for facilities which primarily serve rural residents of open country and rural towns and villages of not more than 20,000 population.

COMMITTEE RECOMMENDATIONS

For community facility loans, the Committee recommends a level of $95,700,000. This amount is the same as the amount available in 1987. There was no budget request for these loans.

REIMBURSEMENT FOR INTEREST SUBSIDIES AND LOSSES

1987 appropriation	$656,645,000
1988 budget estimate	842,682,000
Committee recommendation	842,682,000

This appropriation will reimburse the Rural Development Insurance Fund for funded interest subsidies and losses incurred in fiscal year 1986 and those in prior years which were not previously reimbursed.

COMMITTEE RECOMMENDATIONS

For reimbursement for interest subsidies and losses for the Rural Development Insurance Fund, the Committee recommends an appropriation of $842,682,000. This amount is $186,037,000 more than was provided in 1987 and the same amount as in the budget request.

RURAL DEVELOPMENT LOAN FUND

1987 loan level	
1988 budget estimate	
Committee recommendation	$16,500,000

The Rural Development Loan Program was originally authorized by the Economic Opportunity Act of 1964 (Public Law 88–452) with FmHA making and administering the loans for the Office of Economic Opportunity. The program was transferred to the Community Services Administration [CSA]; however, no new loans were made by the CSA. When the CSA was abolished, this program was transferred to the Department of Health and Human Services [HHS]. New loans were made and administered by HHS until its transfer to the Department of Agriculture. At the time of transfer, FmHA acquired a portfolio of 29 direct loans for approximately $38,000,000.

The making of rural development loans by the Department of Agriculture was reauthorized by Public Law 99–425, the Human Services Reauthorization Act of 1986. Funding for such loans is to be derived from repayments to the fund (principal and interest) from prior loans made from the fund, as well as any additional moneys that might be made available.

Section 1323(b)(2) of the Food Security Act of 1985, Public Law 99–198, authorized the use of these funds pursuant to the first, second, and last sentences of section 623(a) of the Community Economic Development Act of 1981 (42 U.S.C. 9812(a)).

Loans will be made to intermediary borrowers (that is, small investment groups) who in turn will relend the funds to rural businesses, community development corporations, private nonprofit organizations, public agencies, et cetera, for the purpose of improving business, industry, community facilities, and employment opportunities and diversification of the economy in rural areas.

COMMITTEE RECOMMENDATIONS

The Committee provides an additional $10,000,000 for loans under the Rural Development Loan Fund, which is to be transferred from the Rural Development Insurance Fund. This fund has not received money since 1967 and currently contains a balance of $6,500,000. Therefore, a total of $16,500,000 is available.

The Committee directs that $1,000,000 be made available by March 31, 1988, for intermediary loans to regional Rural Community Assistance Programs for the purpose of assisting rural communities with small-scale water problems.

Rural Grant Programs

RURAL WATER AND WASTE DISPOSAL GRANTS

1987 appropriation	$109,395,000
1988 budget estimate	
Committee recommendation	109,395,000

This grant program is authorized by section 306 of the Consolidated Farm and Rural Development Act, as amended. Grants are authorized to be made to associations, including nonprofit corporations, public and quasi-public agencies, and certain Indian tribes, to finance specific projects for the development, storage, treatment, purification, or distribution of water or the collection, treatment, or disposal of waste in rural areas. Grants are used for water and waste disposal projects serving the most financially needy communities to reduce user costs to a reasonable level, to alleviate health hazards, and to meet national safe drinking water and clean water standards in rural areas without the financial capability to do so on their own.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $109,395,000 for rural water and waste disposal grants. This amount is the same as the level available in fiscal year 1987, and $109,395,000 more than the budget estimate.

VERY LOW-INCOME HOUSING REPAIR GRANTS

1987 appropriation	$12,500,000
1988 budget estimate	
Committee recommendation	12,500,000

This grant program is authorized under section 504 of title V of the Housing Act of 1949. The Rural Housing Repair Grant Program is carried out by making grants for very low-income elderly owner-occupants to make necessary repairs to their homes in order to make such dwellings safe and sanitary, and remove hazards to the health of the occupants, their families, or the community. Such grants may be made to cover the cost of improvements or additions, such as repairing roofs, providing toilet facilities, providing a convenient and sanitary water supply, installing screens, repairing or providing structural supports, or making similar repairs, additions, or improvements including all preliminary and installation costs in obtaining central water and sewer service. A grant can be made in combination with a section 504 very low-income housing repair loan.

The Secretary determines the maximum amount of grant or combination of loan and grant.

COMMITTEE RECOMMENDATIONS

For very low-income housing repair grants for fiscal year 1988, the Committee recommends an appropriation of $12,500,000. This amount is the same as the amount provided in 1987 and $12,500,000 more than the budget estimate.

GRANTS FOR RURAL HOUSING FOR DOMESTIC FARM LABOR

1987 appropriation	$9,513,000
1988 budget estimate	
Committee recommendation	9,513,000

Under section 516 of the Housing Act of 1949, FmHA is authorized to share with States or other political subdivisions, public or private nonprofit organizations, or nonprofit organizations of farmworkers, the cost of providing low-rent housing, basic household furnishings, and related facilities to be used by domestic farm laborers. Such housing may be for year-round or seasonal occupancy and consist of family units, apartments, or dormitory-type units, constructed in an economical manner, and not of elaborate or extravagant design or materials. Grant assistance may not exceed 90 percent of the total development cost. Applicants furnish as much of the development cost as they can afford by using their own resources, by borrowing either directly from private sources, or by obtaining an insured loan under section 514 of the Housing Act. The applicant must agree to charge rentals which do not exceed amounts approved by the Secretary, maintain the housing at all times in a safe and sanitary condition, and give occupancy preference to domestic farm laborers.

The obligations incurred by the applicant as a condition of the grant continue for 50 years from the date of the grant unless terminated sooner by the Farmers Home Administration. Grant obligations are secured by a mortgage on the housing or other security. In the event of default, the Farmers Home Administration has the option to require repayment of the grant.

COMMITTEE RECOMMENDATIONS

For grants for rural housing for domestic farm labor for fiscal year 1988, the Committee recommends $9,513,000. This amount is the same as the amount available in fiscal year 1987. There was no budget request for this program. Consistent with past years, the Committee recommends making this appropriation available until expended.

MUTUAL AND SELF-HELP HOUSING GRANTS

1987 appropriation	$8,000,000
1988 budget estimate	....
Committee recommendation	8,000,000

This grant program is authorized under section 523 of the Housing Act of 1949. Grants are made to local organizations to promote the development of mutual or self-help housing programs under which groups of usually 6 to 10 families build their own homes by mutually exchanging labor. Funds may be used to pay the cost of construction supervisors who will work with families to guide them in the construction of their homes and for administrative expenses of the organizations providing the self-help assistance. This program also provides contract funds for training to be provided to members and staff of self-help technical assistance grant recipient organizations.

COMMITTEE RECOMMENDATIONS

For mutual and self-help housing grants, the Committee recommends an appropriation of $8,000,000. This amount is the same as the level provided in 1987. No appropriation was requested by the administration.

The Committee directs FmHA to continue contracts with regional technical assistance organizations for the purpose of providing technical and management assistance to self-help housing programs.

RURAL COMMUNITY FIRE PROTECTION GRANTS

1987 appropriation	$3,091,000
1988 budget estimate	
Committee recommendation	3,091,000

This assistance was authorized by section 7 of the Cooperative Forestry Assistance Act of 1978. Grants are made to public bodies to organize, train, and equip local firefighting forces, including those of Indian tribes or other native groups, to prevent, control, and suppress fires threatening human lives, crops, livestock, farmsteads or other improvements, pastures, orchards, wildlife, rangeland, woodland, and other resources in rural areas.

COMMITTEE RECOMMENDATIONS

For rural community fire protection grants, the Committee recommends an appropriation of $3,091,000. This amount is the same as the 1987 appropriation. No appropriation was requested by the administration.

COMPENSATION FOR CONSTRUCTION DEFECTS

1987 appropriation	$713,000
1988 budget estimate	
Committee recommendation	713,000

Under section 509(c) of the Housing Act of 1949, as amended, the Secretary of Agriculture is authorized to pay the cost of correcting structural defects and claims arising from defects on newly constructed dwellings purchased with FmHA financial assistance. Claims will not be paid until provisions under the builder's warranty have been fully pursued. Requests for compensation for construction defects must be made within 18 months of loan closing.

COMMITTEE RECOMMENDATIONS

The Committee recommends $713,000 for compensation for construction defects. This amount is $713,000 more than the budget request and the same as the level provided in fiscal year 1987.

RURAL HOUSING PRESERVATION GRANTS

1987 appropriation	$19,140,000
1988 budget estimate	
Committee recommendation	20,000,000

The Rural Housing Preservation Grants Program is authorized under the Farmers Home Administration by section 533 of the Housing Act of 1949 to make grants to State or local governments, Indian tribes, private nonprofit organizations, and a consortia of other eligible grantees to rehabilitate housing which is either owned or occupied by low or very-low income persons or families.

While the section 504 loan and grant programs are aimed at the same income levels as this program, they are restricted to the elderly. Also, the Farmers Home Administration staff limitations are such that an increase in funding or expansion of responsibility may not provide satisfactory results.

The Preservation Grants Program employs local housing expertise and improves the delivery of rehabilitation assistance. Farmers Home ranks and funds qualified applicants (for example, governments, or nonprofit organizations), but is not responsible for processing individual applications for assistance. The grantee operates the program on a day-to-day basis, and FmHA reviews and monitors the activities of the grantee.

COMMITTEE RECOMMENDATIONS

The Committee recommends $20,000,000 for rural housing preservation grants. This amount is $860,000 more than the 1987 appropriation and $20,000,000 more than the budget request. The Committee provides an increase for expansion of the program.

RURAL INDUSTRIAL GRANTS

1987 appropriation	$3,000,000
1988 budget estimate	
Committee recommendation	10,000,000

Rural industrial grants are authorized by section 310B(c) of the Consolidated Farm and Rural Development Act to facilitate the development of business and industry in rural areas by financing improvements and enhancements to small industrial complexes. Grants are made for the development of industrial facilities including land, buildings, equipment, and supporting facilities.

COMMITTEE RECOMMENDATIONS

The Committee recommends $10,000,000 for rural industrial grants. This amount is $7,000,000 more than the 1987 appropriation; no budget request was made by the President. These funds will be used to promote economic growth in economically distressed rural areas and to facilitate development of private business in rural communities. It is expected that these funds will be used primarily to invest in local businesses to help them expand or retain jobs in rural areas.

SALARIES AND EXPENSES

	Appropriation	Transfers from loan accounts	Total
1987 appropriation	$394,545,000	$4,000,000	$398,545,000
1988 budget estimate	408,235,000	4,000,000	412,235,000
Committee recommendation	408,235,000	4,000,000	412,235,000

Funds appropriated to this account are used to administer the various loan and grant programs of the Farmers Home Administration, with the exception of emergency loans, which are administered with funds available from the Agricultural Credit Insurance Fund, and watershed, flood prevention, and resource conservation and development loans, which are administered with an annual allotment of funds from the Soil Conservation Service. Administration of the programs includes the reviewing of applications, making and collecting loans, and extending technical assistance to borrowers.

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends a program level of $412,235,000. This amount is $13,690,000 more than the 1987 level and the same as the budget estimate.

HILO OFFICE

The Committee reiterates its interest in assuring that the Hawaii State Office of the Farmers Home Administration remain in Hilo, where it is best able to meet the needs of local farmers. Thus, the Committee is once again including bill language which prohibits the Department from moving the office to Honolulu.

CIRCUIT RIDER PROGRAM

The rural water circuit rider technical assistance program is now operating in 35 States. A full-time rural circuit rider, working under the oversight of each State rural water association, is available to provide hands-on assistance and guidance to all rural water systems in the State regardless of size or problem. As a result, many rural systems steadily improve the efficiency of their operation and the quality of the water delivered. Circuit riders have saved significant amounts of money in preventing water loss, reducing the need for replacement of pipes, pumps, and other equipment and in working with systems to set adequate water rates to provide funds for continuous preventive maintenance.

The Committee recommends $2,900,000 for the circuit rider program, an increase of $853,000 over the 1987 amount. This increase will provide for expansion of the program into all States. Again, bill language is included specifying the amount and providing for contracting this work with the National Rural Water Association or another equally qualified national organization.

TENNESSEE STATE UNIVERSITY

The Farmers Home Administration owns property (approximately 90 acres) in Warren County, TN, which came into its possession due to foreclosure. It has been determined by FmHA, the State of Tennessee, and local officials that this property should be retained by the State for conservation purposes. Therefore, the Committee has included bill language providing for the transfer of this land from FmHA to Tennessee State University for use as a horticultural research center.

CITY OF LINCOLN

Bill language is included specifying that the city of Lincoln, ND, is a rural area for purposes of FmHA rural housing programs. It is included in order to direct FmHA to continue providing loans and services for that community. The city made plans based on previous FmHA assistance and approval. For FmHA to withdraw that support now is misguided.

Rural Electrification Administration

The Rural Electrification Administration [REA] was established by Executive Order 7037 on May 11, 1935, to provide loan funds to eligible borrowers for the purpose of extending central station electric service to unserved persons in rural areas. Statutory provision for the agency was made in the Rural Electrification Act of May 20, 1936. On July 1, 1939, under Reorganization Plan II, REA became a part of the Department of Agriculture. On October 28, 1949, the purpose of REA was expanded by Public Law 423 which amended the Act to authorize loans for furnishing telephone service to rural areas.

Public Law 93–32, enacted May 11, 1973, amended the Rural Electrification Act of 1936, as amended, by establishing a Rural Electrification and Telephone Revolving Fund [RETRF] for the purpose of making insured loans to REA electric and telephone borrowers. Loans made under this authority bear either 2- or 5-percent interest in accordance with criteria specified in the act, and have a maturity not to exceed 35 years. The act also authorized REA to guarantee loans made by other lenders at rates and terms agreed upon between the lender and the borrower. The rural electrification and telephone revolving fund legislation contains the following statement of congressional policy:

> * * * it is hereby declared to be the policy of the Congress that adequate funds should be made available to rural electric and telephone systems through direct, insured, and guaranteed loans at interest rates which will allow them to achieve the objectives of the Rural Electrification Act of 1936, as amended; and that such rural electric and telephone systems should be encouraged and assisted to develop their resources and ability to achieve the financial strength needed to enable them to satisfy their credit needs from their own financial organizations and other sources at reasonable rates and terms consistent with the loan applicant's ability to pay and achievement of the Act's objectives.

In October 1976, Public Law 94–570 amended the act, changing the statutory criteria used in determining eligibility for the special interest rate (2 percent) insured loans. The change in criteria corrected unintended inequities resulting from Public Law 93–32, bringing the number of borrowers eligible for the special rate more in line with congressional intent and with borrowers' actual needs for loan funds at this rate.

On August 13, 1981, the Omnibus Budget Reconciliation Act, Public Law 97–35, was signed into law to further amend the Rural Electrification Act. This legislation changed the Rural Electrification Act by eliminating the special 2-percent interest rate on insured loans from the RETRF. It also provided that the Administrator may make insured loans at a rate less than 5 percent, but not less than 2 percent, if the borrower has experienced extreme financial hardship, or cannot provide service consistent with the objectives of the act without charging rates so high that a substantial disparity results between such rates and those charged for similar services in the same or nearby areas by other suppliers.

RURAL ELECTRIFICATION AND TELEPHONE REVOLVING FUND

ELECTRIC LOANS (INSURED)

1987 loan authorization	$622,050,000
1988 budget estimate	258,000,000
Committee recommendation	622,050,000

ELECTRIC LOANS (GUARANTEED)

1987 loan authorization	$813,450,000
1988 budget estimate	
Committee recommendation	813,450,000

TELEPHONE LOANS (INSURED)

1987 loan authorization	$239,250,000
1988 budget estimate	32,000,000
Committee recommendation	239,250,000

TELEPHONE LOANS (GUARANTEED)

1987 loan authorization	$119,625,000
1988 budget estimate	
Committee recommendation	119,625,000

COMMITTEE RECOMMENDATIONS

The Committee commends REA for maintaining stable ratios of concurrent and supplemental loans at the current levels. During fiscal year 1988, the Administrator is expected to provide borrowers supplemental financing in accordance with applicable criteria and ratios in effect as of July 15, 1982.

For insured loans to rural electric systems, the Committee recommends a floor of $622,050,000 and a ceiling of $933,075,000. For insured telephone loans the Committee recommends a floor of $239,250,000 and a ceiling of $311,025,000. The budget proposed a $258,000,000 limitation on insured electric loans and a $32,000,000 limitation on insured telephone loans.

For guaranteed loans, the Committee provides the following: For electric loan guarantees, a floor of $813,450,000 and a ceiling of $1,961,850,000; and for telephone loan guarantees, a floor of $119,625,000 and a ceiling of $138,765,000. The budget proposed to eliminate electric and telephone loan guarantees.

The Committee has maintained bill language prohibiting REA from using a borrower's level of general funds to determine eligibility for a loan or an advance on a loan previously approved.

REIMBURSEMENT FOR LOSSES

1987 appropriation	$20,000,000
1988 budget estimate	
Committee recommendation	327,675,000

In 1973, the Rural Electrification Act was amended by Public Law 98–32, which created the Rural Electrification and Telephone Revolving Fund [RETRF] through which REA would administer its loan programs. The fund began operations utilizing $7,864,742,000 in assets which were transferred to the fund from the Treasury, and the fund was made liable for approximately $7,400,000,000 of notes previously issued by REA to the Treasury. The fund was simultaneously forgiven from paying any interest associated with that liability to the Treasury. If the fund were liable for this interest, it is estimated that the annual interest cost would be $307,163,625.

In 1979 the General Accounting Office [GAO] ruled that the RETRF should show this would-be interest cost as imputed interest on its financial statements in order to conform to generally accepted accounting principles.

COMMITTEE RECOMMENDATIONS

The Committee recommends $327,675,000 for reimbursement for losses, which is $307,675,000 more than the 1987 amount. There was no budget request. This is the amount of funds the Rural Electrification and Telephone Revolving Fund was required to pay to the Federal Financing Bank in fiscal years 1985 and 1986.

RURAL TELEPHONE BANK

DIRECT LOANS

1987 loan level	$177,045,000
1988 budget estimate	93,000,000
Committee recommendation	177,045,000

Public Law 92–12, approved May 7, 1971, amended the Rural Electrification Act of 1936 to establish the Rural Telephone Bank as a supplemental source of financing the Rural Telephone Program. The Bank charges a single interest rate based on its average cost of money, but not less than 5 percent per annum. The Bank may borrow public or private funds in a total amount not to exceed 20 times its paid-in capital and retained earnings.

COMMITTEE RECOMMENDATIONS

For the Rural Telephone Bank loans, the Committee recommends a floor of $177,045,000 and a ceiling of $210,540,000. These levels are the same as in 1987. The President's budget proposed no more than $93,000,000.

CAPITALIZATION

1987 appropriation	$28,710,000
1988 budget estimate	
Committee recommendation	28,710,000

The Rural Electrification Act of 1936, as amended, authorizes appropriations for the purchase of class A stock in the Rural Telephone Bank [RTB] by the U.S. Government. This account funds the purchase of class A stock of the Rural Telephone Bank.

Originally, the act authorized U.S. stock purchases totaling $300,000,000 with up to $30,000,000 to be appropriated annually. The $300,000,000 stock purchase was completed in 1981. Public Law 97–98, approved December 22, 1981, amended the act by providing for an authorization of an additional $300,000,000 in U.S. stock purchases with $30,000,000 authorized to be appropriated annually.

COMMITTEE RECOMMENDATIONS

For capitalization of the Rural Telephone Bank, the Committee recommends an appropriation of $28,710,000, the same amount as was available for fiscal year 1987 and $28,710,000 more than the budget request.

RURAL COMMUNICATION DEVELOPMENT FUND

1987 appropriation	$1,591,000
1988 budget estimate	1,309,000
Committee recommendation	1,309,000

The Rural Communication Development Fund was established pursuant to Secretary's memorandum No. 1988, approved May 22, 1979. The memorandum transferred certain financing authorities under the Consolidated Farm and Rural Development Act (7 U.S.C. 1921 et seq.) from the Farmers Home Administration to the Rural Electrification Administration for the purpose of financing and administering community antenna television services to facilities in rural areas.

COMMITTEE RECOMMENDATIONS

For the Rural Communication Development Fund, the Committee recommends an appropriation of $1,309,000. This amount is the same as the budget request and $282,000 less than the 1987 appropriation. These funds will be used to reimburse the RCDF for subsidies and losses sustained in prior years that have not been previously reimbursed.

SALARIES AND EXPENSES

1987 appropriation	$29,293,000
1988 budget estimate	27,052,000
Committee recommendation	31,140,000

In addition to administering programs for making loans, assurance of feasibility and adequate security, and collections on loans, the REA staff furnishes management and technical assistance to borrowers for the purpose of protecting the Government's loan security, to assure that construction and operation of borrowers' systems conform to approved standards and that the electric and telephone systems continue providing reliable service on an area coverage basis.

COMMITTEE RECOMMENDATIONS

For the salaries and expenses necessary to carry out the functions of the Rural Electrification Administration, the Committee recommends an appropriation of $31,140,000. This amount is $1,847,000 more than the 1987 level and $4,088,000 above the budget estimate.

The Committee advises that no funds are available for reducing the activity of REA. The proposed decrease in loan levels and staff-years is explicitly rejected, and the Committee directs that no reduction in staff occur.

For the past 3 years, REA's Telephone Division has failed to meet the minimum loan levels as established by Congress. Insufficient technically qualified staff to process loans in a timely manner as a result of staff reductions and reorganizations in recent years, as well as REA's lack of automated data processing resources to support the loanmaking process and agency management functions, appear to be contributing factors.

The Committee expects the agency to maintain sufficient staff and to upgrade technology to successfully carry out the workload by the agency and, in specific, that of the Engineering and Standards Division. REA testimony indicates that the agency returned $2,000,000 to the Federal Treasury in 1986. These financial resources could have been used to maintain agency staffing and update computers and other loan processing equipment.

CONSERVATION

OFFICE OF THE ASSISTANT SECRETARY FOR NATURAL RESOURCES AND ENVIRONMENT

1987 appropriation	$376,000
1988 budget estimate	416,000
Committee recommendation	416,000

The Office of the Assistant Secretary for Natural Resources and Environment provides direction and coordination in carrying out the laws enacted by the Congress with respect to natural resources and environment. The Office has oversight and management responsibilities for the Soil Conservation Service and the Forest Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Natural Resources and Environment, the Committee recommends an appropriation of $416,000. This amount is $40,000 more than the 1987 level and the same as the budget request.

SOIL CONSERVATION SERVICE

The Soil Conservation Service [SCS] was established by Public Law 74–46 on April 27, 1935, (16 U.S.C. 590a–590f) to carry out a continuing program of soil and water conservation on the private lands of the Nation. The current mission of the agency is to provide national leadership in the conservation and wise use of soil, water, and related resources through a balanced cooperative program that protects, restores, and improves those resources.

The conservation activities of the Soil Conservation Service are guided by the priorities and objectives as set forth in the National Conservation Program [NCP] which was prepared in response to the provisions of the Soil and Water Resources Conservation Act of 1977 [RCA] (Public Law 95–192) and transmitted to the Congress in December 1982. The long-term objectives of the program are designed to maintain and improve the soil, water, and related resources of the Nation's nonpublic lands by: reducing excessive soil erosion; improving irrigation efficiencies; improving water management; reducing upstream flood damages; improving range condition; and improving water quality.

The program establishes national priorities to guide USDA conservation activities over the next 5 years. The first priority is to reduce excessive soil erosion on agricultural lands. The second priority is twofold: to conserve water used in agriculture, and to reduce flood damages in upstream areas.

CONSERVATION OPERATIONS

1987 appropriation	[1] $379,671,000
1988 budget estimate	396,781,000
Committee recommendation	403,810,000

[1] Excludes $20,000,000 transferred from the Commodity Credit Corporation for technical assistance for the Conservation Reserve Program.

Conservation operations is authorized by Public Law 74–46, (16 U.S.C. 590a–590f). Activities include:

Conservation technical assistance.—Provides assistance to district cooperators and other land users in the planning and application of conservation treatments to control erosion and improve the quantity and quality of soil resources, improve and conserve water, enhance fish and wildlife habitat, conserve energy, improve woodland, pasture and range conditions, and reduce upstream flooding; all to protect and enhance the natural resource base.

Inventory and monitoring.—Provides soil, water, and related resource data for land conservation, use, and development; guidance of community development; identification of prime agricultural producing areas that should be protected; use in protecting the quality of the environment; and to issue periodic inventory reports of resource conditions.

Soil surveys.—Inventories the Nation's basic soil resources and determines land capabilities and conservation treatment needs. Soil survey publications include interpretations useful to cooperators, other Federal agencies, State and local organizations.

Snow survey and water forecasting.—Provides estimates of annual water availability from high mountain snow packs and relates this to summer stream flow in the western States and Alaska. Information is used by agriculture, industry, and cities in estimating future water supplies.

Plant materials centers.—Assembles, tests, and encourages increased use of plant species which show promise for use in the treatment of conservation problem areas.

Resource appraisal and program development.—Ensures that programs administered by the Secretary of Agriculture for the conservation of soil, water, and related resources shall respond to the Nation's long-term needs. This program is authorized by the Soil and Water Resources Conservation Act, Public Law 95–192, November 18, 1977 (16

U.S.C. 2001), as amended by the Food Security Act of 1985, Public Law 99–198.

COMMITTEE RECOMMENDATIONS

For conservation operations, the Committee recommends an appropriation of $403,810,000. This amount is $24,139,000 more than the 1987 level and $7,029,000 more than the budget estimate.

The Committee rejects the requested decreases for inventory and monitoring activities, resource appraisal, and program development, and advises that no funds are available for program termination costs.

For the second year of establishing a plant materials center at the Small Farms Research Center in Booneville, AR, the Committee again recommends $436,000. Full funding is also recommended for the east Arkansas underground water project.

The Committee directs the Soil Conservation Service to continue to provide $150,000 in technical assistance to soil conservation districts in Idaho for measures under the agricultural abatement plan which was completed in 1979 in response to Public Law 92–500, the Clean Water Act.

The Committee recommends $1,240,000 for full funding of the Chesapeake Bay effort and the maintenance of the 31 staff positions in this area. The program is a model for estuarine restoration efforts and an outstanding example of intergovernmental cooperation and environmental management.

The appropriation includes $250,000 for the second year of the land records information project at the University of Wisconsin.

Again, the Committee has included bill language prohibiting SCS from consolidating its four national technical centers into a single national technical center and expects the Department to staff these centers fully and to maintain them.

RIVER BASIN SURVEYS AND INVESTIGATIONS

1987 appropriation	$12,051,000
1988 budget estimate	8,287,000
Committee recommendation	12,051,000

The Soil Conservation Service administers a program which involves cooperation with other Federal, State, and local agencies in order to aid in the development of coordinated water resource programs. The Service has general responsibility for administration of activities consisting of investigations and surveys of proposed small watershed projects in response to requests made by sponsoring local organizations, and assistance to sponsors in the development of watershed work plans.

This program is authorized by the Watershed and Flood Prevention Act, Public Law 83–566, section 6, August 4, 1954 (16 U.S.C. 1006–1009).

COMMITTEE RECOMMENDATIONS

For river basin surveys and investigations, the Committee recommends an appropriation of $12,051,000. This amount is the same as the amount available in 1987 and $3,764,000 more than the budget request. No funds are available for phasedown or termination costs.

WATERSHED PLANNING

1987 appropriation	$8,651,000
1988 budget estimate	5,508,000
Committee recommendation	8,651,000

The Department cooperates with the States and other agencies in planning works of improvement in small watersheds to reduce damage from floodwater, sediment, and erosion and for the conservation, development, utilization, and disposal of water, as authorized by the Watershed and Flood Prevention Act, as amended, Public Law 83–566, August 4, 1954 (16 U.S.C. 1001–1008).

The Department makes surveys of proposed small watershed projects, and prepares work plans in cooperation with local sponsors. These plans outline the soil and water management problems in the watershed, the steps that have been or are authorized to be taken to alleviate these problems, the proposed works of improvement to be installed, the estimated benefits and costs, the cost sharing and operation and maintenance arrangements, and other facts necessary to justify Federal participation in project development.

COMMITTEE RECOMMENDATIONS

For watershed planning, the Committee recommends an appropriation of $8,651,000. This amount is the same as the 1987 appropriation and $3,143,000 more than the budget estimate. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

WATERSHED AND FLOOD PREVENTION OPERATIONS

1987 appropriation	$177,128,000
1988 budget estimate	49,910,000
Committee recommendation	184,128,000

The appropriation "Watershed and flood prevention operations" funds those activities authorized by the Watershed Protection and Flood Prevention Act, as amended (16 U.S.C. 1001–1005, 1007–1009) and the Flood Control Act, as amended and supplemented (33 U.S.C. 701, 16 U.S.C. 1006a) and sections 403–405 of the Agricultural Credit Act of 1978 (16 U.S.C. 2203–2205), which relate to installation of individual watershed projects, flood prevention subwatershed projects, and emergency watershed protection.

The Soil Conservation Service has general responsibility for administration of activities which include cooperation with local sponsors, State, and other public agencies in the installation of planned works of improvement to reduce erosion, floodwater, and sediment damage; conserve, develop, utilize, and dispose of water; plan and install works of improvement for flood prevention including the development of recreational facilities and the improvement of fish and wildlife habitat; and loans to local organizations to help finance the local share of the cost of carrying out planned watershed and flood prevention works of improvement as authorized by Public Law 566, Public Law 534, and section 216 of the Flood Control Act of 1950. The Farmers Home Administration administers the loan program.

COMMITTEE RECOMMENDATIONS

For watershed and flood prevention operations, the Committee recommends an appropriation of $184,128,000. This amount is $7,000,000 more than the amount provided in 1987 and $134,218,000 over the budget estimate. None of the funds provided under this appropriation are to be used for termination or phasedown costs.

An increase of $7,000,000 is provided for repair work on prior-year storm damage in the Jackson, MS, metropolitan area, including Brandon, Canton, Madison, Pearl, and Ridgeland. The Committee understands that this amount will complete repair work on damages caused by the flood of 1983 and that no further appropriation will be needed for this purpose.

Included in the amount provided by the Committee is $5,000,000 for the Yazoo River Basin demonstration project in Mississippi which is to be expanded to include a seventh project identified as the Abiaca Creek watershed. The Soil Conservation Service and the Corps of Engineers are directed to continue to coordinate work in these demonstration watershed projects to prevent flooding and control sediment transport.

RESOURCE CONSERVATION AND DEVELOPMENT

1987 appropriation	$25,020,000
1988 budget estimate	9,978,000
Committee recommendation	25,020,000

The Resource Conservation and Development [RC&D] Program began in February 1964 under authority of section 102 of the Food and Agriculture Act of 1962 (Public Law 87–703) and other departmental authorities. In December 1981, sections 3451–3461 of the Agriculture and Food Act of 1981 authorized a program for aiding local and State efforts in resource conservation and development. Program assistance is provided to RC&D sponsors as authorized by the Secretary of Agriculture. RC&D sponsors, State and local units of government, and nonprofit organizations initiate and direct the planning process, develop and maintain an RC&D area plan, and carry out activities to implement the plan.

USDA provides technical, financial, and loan assistance to local sponsors. An RC&D Policy Board was established in April 1984 under subtitle H of the Agriculture and Food Act of 1981 (Public Law 97–98). The Board provides advice and recommends policy on program administration to the Secretary of Agriculture. The interagency board has members from the Soil Conservation Service, Forest Service, Farmers Home Administration, Extension Service, Agricultural Stabilization and Conservation Service, and the Office of the Secretary. Program leadership is provided by the Soil Conservation Service [SCS]. Sponsors also seek the help of local, State, and other Federal agencies that can assist them in areawide planning and in carrying out activities to implement plans.

A national RC&D manual was developed by SCS during fiscal year 1984. The new manual, a revision of the previous national RC&D handbook, describes policies for RC&D program assistance. The RC&D Policy Board is considering the development of a departmental policy document describing the interagency effort involved in delivering RC&D program assistance.

COMMITTEE RECOMMENDATIONS

For the Resource Conservation and Development Program, the Committee recommends an appropriation of $25,020,000. This amount is the same amount that was available in 1987 and $15,042,000 more than the budget estimate. The proposal to end the program is rejected.

GREAT PLAINS CONSERVATION PROGRAM

1987 appropriation	$20,474,000
1988 budget estimate	2,813,000
Committee recommendation	20,474,000

The Great Plains Conservation Program is authorized by Public Law 84–1021, (16 U.S.C. 590p(b)). The program's objective is to bring about a long-term solution to problems resulting from drought and the cultivation of land unsuited for sustained crop production in the 10 Great Plains States.

It is designed to provide needed protection and improvement of soil, water, plant, and wildlife resources of the unique Plains area, which is plagued with recurring drought and wind erosion problems. Selection of suitable land uses and installation of complete conservation treatment and management systems on farms and ranches in the area are made through reduction of wind and water erosion, abatement of agriculture-related pollution and water conservation measures.

COMMITTEE RECOMMENDATIONS

For the Great Plains Conservation Program, the Committee recommends an appropriation of $20,474,000. This amount is the same amount that was available in 1987 and $17,661,000 more than the budget estimate. Again, no money is provided for termination or phasedown costs.

AGRICULTURAL STABILIZATION AND CONSERVATION SERVICE

AGRICULTURAL CONSERVATION PROGRAM

1987 appropriation	$176,935,000
1988 budget estimate	
Committee recommendation	176,935,000

The Agricultural Conservation Program [ACP] is authorized by sections 7 to 15, 16(a), 16(f), and 17 of the Soil Conservation and Domestic Allotment Act (Public Law 74–46), sections 1001–1004, 1006–1008, and 1010 of the Agricultural Act of 1970 (Public Law 91–524), as added by the Agriculture and Consumer Protection Act of 1973 (Public Law 93–86), section 1501 of the Food and Agriculture Act of 1977 (Public Law 95–113), and section 259 of the Energy Security Act of 1980 (Public Law 96–294).

The ACP is administered by ASCS through the farmer-elected committee system. The program is a joint effort by Government and landowners to restore and protect basic land and water resources. Objectives include helping to ensure a continuous, adequate supply of food and fiber; improving water quality in rural America; facilitating resource management systems; and achieving national priorities reflected in the National Environmental Policy Act of 1969 and related legislation.

COMMITTEE RECOMMENDATIONS

For the Agricultural Conservation Program, the Committee recommends an appropriation of $176,935,000. This amount is the same as the 1987 level. There was no budget request for this program.

FORESTRY INCENTIVES PROGRAM

1987 appropriation	$11,891,000
1988 budget estimate	
Committee recommendation	11,891,000

The Forestry Incentives Program [FIP] is authorized by section 4 of the Cooperative Forestry Assistance Act of 1978 (16 U.S.C. 2103). Its objectives are to increase the Nation's production of sawtimber and pulpwood on nonindustrial private forest lands, to decrease, over time, expected shortages and rising prices of timber, and to help ensure effective use of available forest lands. Program objectives are met by providing cost share and technical assistance to landowners to encourage voluntary installation of forestry practices. The program shares up to 65 percent of the cost incurred by the landowner for tree planting and timber stand improvement.

COMMITTEE RECOMMENDATIONS

For the Forestry Incentives Program for fiscal year 1988, the Committee recommends an appropriation of $11,891,000. This amount is the same as the amount provided in 1987 and $11,891,000 more than the budget estimate.

WATER BANK PROGRAM

1987 appropriation	$8,371,000
1988 budget estimate	
Committee recommendation	12,000,000

The Water Bank Program is authorized by the Water Bank Act, Public Law 91-559, approved December 19, 1970, and amended by Public Law 96-182, approved January 2, 1980. Its objectives are to conserve surface water; preserve and improve migratory waterfowl and wildlife-related resources; reduce runoff, soil, and wind erosion; improve flood control; contribute to improved soil moisture; reduce the acreage of land brought into agricultural production; retire land now in production; enhance landscape aesthetics; and promote comprehensive water management planning.

The Secretary enters into agreement with landowners and operators for the conservation of specified wetlands. The agreements are for 10 years with provision for renewal for additional periods. During the period of the agreement, the landowner agrees not to drain, burn, fill or otherwise destroy the wetland character of such areas. The Secretary makes annual payments to the owner or operator at a rate determined at the time of agreement and subject to review after 4 years and at the time of renewal.

COMMITTEE RECOMMENDATIONS

For the Water Bank Program, the Committee recommends an appropriation of $12,000,000. This amount is $3,629,000 more than the 1987 appropriation and $12,000,000 more than the budget estimate. The increase provides for expansion of the program.

The Committee is concerned by this administration's practice of submitting policy rescissions for programs where the funds are clearly needed. The soil conservation programs are clear examples of this practice. As an example, because of the rescission proposal, water bank funds did not become available until late in the fiscal year, thwarting many farmers' ability to manage their acreage properly.

Therefore, regardless of rescission proposals, the Committee directs ASCS, SCS, and county committees to process applications for these programs, such as water bank, even if the funding is held up, in order to be able to fund them immediately when the money becomes available.

EMERGENCY CONSERVATION PROGRAM

1987 appropriation	$10,000,000
1988 budget estimate	
Committee recommendation	1,000,000

The appropriation "Emergency Conservation Program" of the Agricultural Stabilization and Conservation Service funds the activities authorized by the Agricultural Credit Act of 1978 (Public Law 95-334). Under the program the Government shares the cost of carrying out approved practices to assist and encourage farmers to rehabilitate farmland damaged by natural disasters.

Assistance is made available to correct new conservation problems which (1) if not treated will impair or endanger the land, (2) materially affect the productive capacity of the land, (3) represent damage which is unusual in character and except for wind erosion, is not the type which would recur frequently in the same area, and (4) will be so costly to rehabilitate that Federal assistance is or will be required to return the land to productive agricultural use.

COMMITTEE RECOMMENDATIONS

For the Emergency Conservation Program, the Committee recommends $1,000,000. This amount is $9,000,000 less than the amount provided in 1987 and $1,000,000 more than the budget estimate. The Committee notes a carryover of over $9,000,000 from 1987, so this appropriation provides for a program level of $10,000,000.

The Committee recognizes the value of conservation practices constructed as part of a project to restore and maintain high water quality in Spiritwood Lake, ND. A number of these conservation practices were recently damaged or destroyed by extremely high rainfall. The Committee directs the Secretary to provide up to $100,000, to assure full funding of technical assistance costs and costs of repair or replacement of damaged or destroyed conservation practices in the Spiritwood Lake project area.

The Committee expects ASCS to make ECP funds available to farmers experiencing drought conditions in areas where irrigation of crops is a normal farming practice. Measures included will be the extension and drilling of wells, the use of temporary watering systems, and other temporary measures necessary to avoid drought losses of commercially produced agricultural crops. Resources made available under this section will not be utilized to expand crop production. Drought will be measured by snow pack, precipitation history, and reservoir capacity.

COLORADO RIVER BASIN SALINITY CONTROL PROGRAM

1987 appropriation	$3,804,000
1988 budget estimate	
Committee recommendation	6,000,000

The Colorado River Basin Salinity Control Program was established by section 202(c) of title II of the Colorado River Basin Salinity Control Act of 1974 (Public Law 93–320). The program is a cooperative endeavor by the Agricultural Stabilization and Conservation Service [ASCS], Soil Conservation Service [SCS], and Extension Service [ES]. The program is to assist landowners and others in the Colorado River Basin in establishing on-farm irrigation management systems and related lateral improvement measures to decrease the salt load and sedimentation level in the Colorado River and to enhance the supply and quality of water available for use in the United States and the Republic of Mexico.

COMMITTEE RECOMMENDATION

For the Colorado River Basin Salinity Control Program, the Committee recommends $6,000,000, $2,196,000 more than the 1987 level and $6,000,000 more than the budget request.

CONSERVATION RESERVE PROGRAM

1987 appropriation	([1])
1988 budget estimate	$1,388,000,000
Committee recommendation	1,388,000,000

[1] Previously funded through the Commodity Credit Corporation.

The Conservation Reserve Program [CRP] was mandated by sections 1231–1245 of the Food Security Act of 1985 (Public Law 99–198) to establish permanent cover on highly erodible cropland. The primary objectives of the CRP are to help farmers control critical soil erosion that occurs on about one-third of America's cropland and to decrease production of surplus agricultural commodities.

The CRP is authorized in all 50 States, Puerto Rico, and the Virgin Islands on highly erodible land used to produce an agricultural commodity in the years 1981–85. Up to 45 million acres of highly erodible land may be entered into the reserve.

The program is administered by State and local ASC committees working under the general direction of ASCS. Technical assistance is provided by the Soil Conservation Service, the Forest Service, the Cooperative Extension Service, and other appropriate agencies.

In exchange for entering land into the reserve, program participants receive annual rental payments in cash or commodities, based on their accepted bids per acre and the number of acres placed under 10-year contracts. In addition, farmers receive one-time payments of 50 percent of the eligible costs of establishing vegetative cover on the reserve acreage.

To facilitate CRP program implementation, use of the funds, services, and facilities of the Commodity Credit Corporation [CCC] was authorized for fiscal years 1986–87. In subsequent years, CCC funds may not be used for this purpose unless CCC has received in advance funds to cover such expenditures from appropriations made to carry out the program. Beginning in fiscal year 1988, funds for this program are requested to be appropriated in advance to CCC for rental, cost-sharing, and technical assistance payments. The Food Security Act of 1985 provides authority to enter into CRP contracts through fiscal year 1990. Appropriations will be requested annually to make rental payments through fiscal year 2000.

COMMITTEE RECOMMENDATIONS

For the Conservation Reserve Program [CRP], the Committee recommends $1,388,000,000, the same as the budget request. Fiscal year 1988 is the first year of a specific appropriation for CRP.

The Committee has provided for the transfer of $40,000,000 from this account to the conservation operations account of the Soil Conservation

Service in order to assist in carrying out the conservation provisions of the Food Security Act of 1985. The sum of $20,000,000 was transferred in a similar fashion in the 1987 Supplemental Appropriations Act (Public Law 100–71).

The Committee is concerned by the limited participation in the Conservation Reserve Program by farmers in the Chesapeake Bay region, and requests the Secretary to initiate efforts to increase region participation and to report to the Committee on these efforts. Wider participation in this area could have significant benefits for the bay cleanup effort.

RURAL CLEAN WATER PROGRAM

The Committee is impressed with the results of the Taylor Creek-Nubin Slough rural clean water project in Florida. The best management practices [BMP's] used in this project have helped reduce the nutrient loading into Lake Okeechobee, which is considered to be in a euthrophic state due to high concentrations of nutrients. The Committee encourages the Department to expand this project, using existing Rural Clean Water Program funds, to include the Lower Kissimmee River Basin. This project should incorporate BMP's on most of the dairies in the Lake Okeechobee area.

TITLE III—DOMESTIC FOOD PROGRAMS

OFFICE OF THE ASSISTANT SECRETARY FOR FOOD AND CONSUMER SERVICES

1987 appropriation	$343,000
1988 budget estimate	380,000
Committee recommendation	380,000

The Office of the Assistant Secretary for Food and Consumer Services provides direction and coordination in carrying out the laws enacted by the Congress with respect to the Department's food and consumer activities. The Office has oversight and management responsibilities for the Food and Nutrition Service, and Human Nutrition Information Service.

COMMITTEE RECOMMENDATIONS

For the Office of the Assistant Secretary for Food and Consumer Services, the Committee recommends an appropriation of $380,000, $37,000 more than the 1987 amount, and the same as the budget estimate.

FOOD AND NUTRITION SERVICE

The Food and Nutrition Service was established August 8, 1969, by Secretary's Memorandum No. 1659 and Supplement 1 pursuant to the authority contained in 5 U.S.C. 301 and the Reorganization Plan No. 2 of 1953.

The Food and Nutrition Service administers food assistance programs which provide access to a more nutritious diet for persons with low incomes and encourage better eating patterns among the Nation's children. The programs are:

Food Stamp Program.—Food stamps are issued to eligible low-income households to enable them to obtain a better diet by increasing their food purchasing power. The Food and Nutrition Service administers the program in cooperation with State welfare agencies and provides for the full cost of the food stamps themselves in addition to sharing direct and indirect administrative costs incurred by the States on a 50–50 basis. If, however, States reduce their error rates below the 5-percent level, they are eligible to receive enhanced administrative funding up to 60 percent. In addition, States receive 75 percent of their costs incurred for developing food stamp computer systems and 75 percent of their costs for fraud investigations and prosecutions. Funds for this program are provided by direct appropriation.

Child nutrition programs.—The child nutrition programs—the national school lunch, school breakfast, summer food service, and child care food programs—provide funding for the service of nutritious meals to needy children and other children attending schools, child care institutions, and summer recreational programs as a means of safeguarding the health and proper physical development of the Nation's children. The Food and Nutrition Service works through State agencies, providing them with cash and commodities for use in preparing and serving meals, and administers the various child nutrition programs directly in cases where the State has chosen not to administer the programs. Funds for these programs are provided by direct appropriation and transfer from section 32.

Special Milk Program.—The Special Milk Program provides funding for milk service in schools, nonprofit child care centers, and camps which have no other federally assisted food programs. Since the enactment of the Child Nutrition Amendments of 1986, this provision does not apply to split-session kindergartens where children do not have access to the federally assisted food programs. This milk is provided to children either free or at a low cost. The Food and Nutrition Service provides cash subsidies to State-administered programs and directly administers the program in States which have chosen not to administer the program. Funds for this program are provided by direct appropriation.

Special supplemental food programs.—The Food and Nutrition Service administers two programs—the Special Supplemental Food Program for women, infants, and children [WIC] and the Commodity Supplemental Food Program [CSFP]—which provide supplemental foods to pregnant, postpartum, and breast-feeding women; infants; and young children. CSFP also provides supplemental commodities to low-income elderly persons.

In the WIC program, pregnant, postpartum, and breast-feeding women, and infants and children up to 5 years of age who are found to be at nutritional risk, receive supplemental foods from their local health clinics. State departments of health receive cash grants from the Food and Nutrition Service for this activity. Twenty percent of the total program funding is provided to the States for State and local administrative costs. Funds for this program are provided by direct appropriation.

The Commodity Supplemental Food Program provides supplemental food to a target population similar to that of the WIC program and to the elderly at various locations. The foods, however, are purchased directly by the Department of Agriculture and distributed to eligible women, infants, and children up to 6 years of age through State and local agencies. The Food and Nutrition Service provides cash assistance to distributing agencies to offset their operating expenses at a rate of 15 percent of appropriated funding plus 15 percent of the value of commodities donated as part of the food package. Congress gave USDA authority to operate elderly feeding projects. Using CSFP local agency sites and various commodities provided through CSFP, these projects focus on volunteer delivery of food packages to homebound elderly persons. Funds for these programs are provided by direct appropriation.

Cash and commodities for selected groups.—The Food and Nutrition Service administers the Needy Family Program which provides nutritious agricultural commodities to eligible low-income households on or near Indian reservations and in the Trust Territory of the Pacific Islands. The program also helps to expand markets for food produced by American farmers. Monthly packages of USDA donated commodites are distributed to beneficiary households from local warehouse facilities. Participating agencies can order food items according to households' preferences. Participants receive information about nutrition, proper food storage, sanitary food preparation methods, and suggestions for using donated foods from nutritionists, county extension home economists, and other sources. Funds for this program are provided by direct appropriation.

The nutrition program for the elderly provides nutritious meals for elderly people. State agencies on aging designate area agencies on aging to plan and coordinate the nutrition program through local outlets. The State agencies on aging request USDA-donated foods, cash in lieu of food, or a combination of both to provide meals to the elderly at various sites. The amount of food or cash that USDA gives each State is based on the number of meals served in the program and the level of available funds. Funds for this program are provided by direct appropriation.

Nutrition assistance for Puerto Rico.—As a result of the Omnibus Reconciliation Act of 1981, the Food and Nutrition Service now provides the Commonwealth of Puerto Rico with a nutrition assistance block grant, which gives the Commonwealth broader flexibility to establish a food assistance program specifically tailored to the needs of its low-income households. Beginning July 1, 1982, the Commonwealth has been providing food assistance to low-income households in the form of cash grants, rather than coupons. The Omnibus Budget Reconciliation Act of 1982 prohibited the use of cash for nutrition assistance in the Commonwealth after fiscal year 1983. Public Law 98–204, approved December 2, 1983, postponed the effective date of the noncash provision until October 1, 1985. The noncash provision was then deleted by the Food Security Act of 1985 (Public Law 99–198).

Temporary Emergency Food Assistance Program [TEFAP].—The Temporary Emergency Food Assistance Program provides funding for the intrastate storage and distribution of USDA donated commodities. The funds are made available to State and local distributing organizations through grants administered by the Food and Nutrition Service.

Under this program, assistance may be provided to cover the costs incurred by charitable institutions, food banks, hunger centers, soup kitchens, and similar nonprofit eligible recipient agencies providing nutrition assistance to relieve situations of emergency and distress through the provision of food to needy persons, including low-income and unemployed persons.

The allocation of funds to the States is based upon a formula which considers the States' unemployment level and the number of persons with incomes below the poverty level.

Food Program administration.—This account provides for the salaries and operating expenses of the Food and Nutrition Service. Headquarters of the Service is at Park Office Center in Alexandria, VA. The Food and Nutrition Service maintains the following seven regional offices: Burlington, MA; Robbinsville, NJ; Atlanta, GA; Chicago, IL; Dallas, TX; Denver, CO; and San Francisco, CA.

CHILD NUTRITION PROGRAMS

	Appropriation	Transfer from sec. 32	Total
1987 appropriation	$937,680,000	$3,295,937,000	$4,233,617,000
1988 budget estimate	1,106,614,000	3,368,612,000	4,475,226,000
Committee recommendation	657,423,000	3,817,803,000	4,475,226,000

The child nutrition programs, authorized by the National School Lunch Act and the Child Nutrition Act of 1966, subsidize meals served to children. The programs reach children not only through schools but also through a variety of other institutions. The Supplemental Appropriations Act of 1987, Public Law 100–71, eliminated the tuition cap on any nonprofit private schools allowing all such schools to participate in the National School Lunch Act and the Child Nutrition Act. A general description of the programs follows:

1. Cash payments to States.—The programs are operated under an agreement entered into by the State agencies and the Department. Funds are made available under letters of credit to State agencies for use in reimbursing participating schools and other institutions. Sponsors make application to the State agencies, and if approved, are reimbursed on a per-meal basis in accordance with the terms of their agreements and rates prescribed by law. The reimbursement rates are adjusted annually to reflect changes in the Consumer Price Index for Food Away From Home.

(a) School Lunch Program.—Assistance is provided to the States for the service of lunches to all school children, regardless of family income. States must match some of the Federal cash grant. In fiscal year 1987, the School Lunch Program will provide assistance for serving an estimated 4,026,000,000 school lunches including 2,050,000,000 for children from upper-income families and 1,976,000,000 for children from lower and low-income families. Schools which, in the second previous fiscal year, served at least 60 percent of their lunches at free or reduced prices receive an additional 2 cents per meal assistance. An estimated 24,400,000 children are expected to participate in the program daily during the school year.

(b) Special assistance for free and reduced price lunches.—Additional assistance is provided to the States for serving lunches free or at a reduced price to needy children. In fiscal year 1987 under current law, the program will provide assistance for about 1,976,000,000 lunches, of

which 1,713,000,000 will be served free of charge and 263,000,000 at reduced price. Approximately 12,000,000 needy children will participate in the program on an average school day during the year.

(c) School Breakfast Program.—Federal reimbursement to the States is based on the number of breakfasts served free, at a reduced price, or at the general rate for those served to nonneedy children. Certain schools, designated in severe need, because, in the second preceding year, they served at least 40 percent of their lunches at free or reduced prices and because the regular breakfast reimbursement is insufficient to cover costs, receive higher rates of reimbursement in both the free and reduced price categories. In fiscal year 1987, the program will serve an estimated 620,000,000 breakfasts to a daily average of 3,700,000 children.

(d) State administrative expenses.—The funds may be used for State employee salaries, benefits, support services, and office equipment. Public Law 95–627 made the State administrative expenses grant equal to 1½ percent of certain Federal payments in the second previous year. In fiscal year 1987, $51,217,000 will be allocated among the States to fund ongoing State administrative expenses and to improve the management of the various nutrition programs. The Child Nutrition Amendments of 1986 authorize the use of up to three pilot projects to evaluate the benefits of contracting out for the administration of the child nutrition programs in States where the Food and Nutrition Service currently administers these programs.

(e) Summer Food Service Program.—Meals served free to children in low-income neighborhoods during the summer months are supported on a performance basis by Federal cash subsidies to State agencies. Funds are also provided for related State and local administrative expenses. During the summer of 1987, approximately 81,000,000 meals will be served to about 1,600,000 children in the peak month.

(f) Child Care Food Program.—Preschool children receive year-round food assistance in nonprofit child care centers and family and group day care homes under this program. Public Law 97–35 permits profit-making child care centers receiving compensation under title XX of the Social Security Act to participate in the program if 25 percent of the children served are title XX participants. The Child Care Food Program reimburses State agencies at varying rates for breakfasts, lunches, suppers, and meal supplements and for program-related State audit expenses. In fiscal year 1987, approximately 726,000,000 meals will be served to a daily average of 1,200,000 children.

2. *Commodity procurement.*—Commodities are purchased for distribution to the School Lunch, Child Care Food, and Summer Food Service Programs. The minimum commodity support rate for all school lunch and child care center lunches and suppers served is mandated by law and adjusted annually on July 1 to reflect changes in the producer price index for food used in schools and institutions. The commodities purchased with these funds are supplemented by commodities purchased with section 32 funds.

3. Nutrition studies and education.—

(a) Nutrition studies and surveys.—In fiscal year 1987, the funds appropriated for this purpose will be used for several studies. Included among these are a survey to collect accurate and timely data on how child nutrition programs operate at State and local levels; a study of income verification procedures in the School Lunch Program; the child nutrition analysis and modeling study; and the Child Care Food Program evaluation.

(b) Nutrition education and training.—Public Law 95–166 instituted a program of grants to the States for nutrition education in schools. In fiscal year 1987, $5,000,000 will be made available to the States for nutrition education and training.

COMMITTEE RECOMMENDATIONS

For the child nutrition programs, the Committee recommends an appropriation of $657,423,000, plus transfers from section 32 of $3,817,803,000 for a total program of $4,475,226,000. This amount is $241,609,000 more than the fiscal year 1987 program level and the same as the budget request.

The Committee's recommendation provides for the child nutrition programs at the following annual rates:

Total obligational authority

Child nutrition programs:	*Amount*
School Lunch Program	$588,249,000
Special assistance for free and reduced price lunches	2,472,200,000
School Breakfast Program	479,819,000
State administrative expenses	33,814,000
Summer Food Service Program	137,649,000
Child Care Food Program	602,096,000
Commodity procurement	154,314,000
Nutrition studies and surveys	2,085,000
Nutrition education and training	5,000,000
Total available	4,475,226,000

Of the amount included in this recommendation, $200,000 is for planning a School Food Service Management Institute at the University of Southern Mississippi. This institute would provide expanded school food service research, a wide range of developmental activities, and technical training for school food and nutrition personnel.

SPECIAL MILK PROGRAM

1987 appropriation	$18,295,000
1988 budget estimate	33,974,000
Committee recommendation	21,500,000

The Special Milk Program is authorized by section 3 of the Child Nutrition Act of 1966, as amended. It subsidizes institutions for milk consumed by students in nonprofit schools of high school grade or under, summer camps, and similar institutions that do not participate in another meal service program authorized by the Child Nutrition Act or the National School Lunch Act. Effective October 1, 1986, based on authority in Public Law 99–661, children in split session kindergarten programs in nonprofit schools who do not have access to the meal service programs operating in those schools may participate in the Special Milk Program.

In fiscal year 1987 approximately 208,300,000 half-pints will be served in the Special Milk Program. These include about 199,300,000 half-pints served to children whose family income is above 130 percent of poverty and about 9,000,000 half-pints served free to children whose family income is at or below 130 percent of poverty. During fiscal year 1987, the average full cost reimbursement for milk served to needy children is expected to be 13.98 cents for each half-pint. Milk served to nonneedy children is expected to be reimbursed at 9.25 cents for each half-pint.

COMMITTEE RECOMMENDATIONS

For the Special Milk Program, the Committee has recommended $21,500,000 to fully fund the program in those institutions which are eligible. This amount is $3,205,000 more than the amount provided in 1987 and $12,474,000 below the budget request. The appropriation of $21,500,000, combined with $2,358,000 of carryover funds from 1987, will allow for a total program of $23,858,000 for 1988.

Recent changes in authorization legislation affecting the Special Supplemental Milk Program have resulted in varied assumptions about program costs in 1988. To accommodate the addition of split-session kindergartens in the Special Milk Program, the Department requested and received a 1987 supplemental appropriation of $3,426,000 to pay for an additional 46 million half-pints of milk. Appropriations for the Special Milk Program in 1987 totaled $18,295,000, of which $2,358,000 will be carried over into fiscal year 1988. Therefore, the administration's original estimate and budget request for $33,974,000 for the Special Milk Program in 1988 is now subject to revision.

SPECIAL SUPPLEMENTAL FOOD PROGRAM FOR WOMEN, INFANTS, AND CHILDREN [WIC]

1987 appropriation	$1,663,497,000
1988 budget estimate	1,687,541,000
Committee recommendation	1,804,497,000

The Special Supplemental Food Program for Women, Infants, and Children [WIC] is authorized by section 17 of the Child Nutrition Act of 1966. The program makes funds available to local health clinics through State departments of health and to Indian tribes to provide supplemental foods to low-income pregnant, postpartum, and breastfeeding women, infants and children up to 5 years of age who are determined by competent medical or nutritional professionals to be at nutritional risk. In fiscal year 1987 the program funds are expected to support an average monthly participation of 3,400,000 participants at an average cost of $41.08 per person per month.

The WIC program food packages are designed to provide foods which studies have demonstrated are lacking in the diets of the WIC program target population. The authorized supplemental foods are iron-fortified infant formula, infant cereal, milk, cheese, eggs, iron-fortified breakfast cereal, fruit or vegetable juice which contains vitamin C, dry beans and peas, and peanut butter.

There are three general types of delivery systems for WIC foods: (1) retail purchase in which participants obtain supplemental foods through retail stores; (2) home delivery systems in which food is delivered to the participant's home; and (3) direct distribution systems in which participants pick up food from a distribution outlet. The food is free of charge to all participants.

Twenty percent of the total available funds (except for funds appropriated for program evaluation) are allocated among the States for costs of nutrition services and administration associated with the WIC program. These costs include certifying participant eligibility, food delivery, and warehousing, monitoring, nutrition education, outreach, startup cost, and general administration by the State agency. Not less than one-sixth of these administrative funds must be used for nutrition education activities.

Public Law 95–627 makes one-half of 1 percent of program funds, not to exceed $3,000,000, available to the Secretary for evaluation of program performance.

COMMITTEE RECOMMENDATIONS

For the Special Supplemental Food Program for Women, Infants, and Children, the Committee recommends an appropriation of $1,804,497,000. This amount is $141,000,000 more than the 1987 appropriation and $116,956,000 more than the budget estimate.

A major multiyear study released in January 1986 demonstrated that the Special Supplemental Food Program for Women, Infants, and Children has significant impacts on maternal and child health. Findings of the study detailed the effects of the WIC program on pregnant women, infants, preschool children, and the overall diet of families. For example, women who participated in WIC were found to have longer pregnancies resulting in fewer premature births. WIC participants showed an increase in prenatal care visits during the early months of pregnancy and generally improved intake of many vital nutrients important to health and fetal development.

WIC participation contributed to a decline in late fetal deaths and neonatal mortality and was attributed to an increase in birth weight in a historical study included in the evaluation. Infants born to mothers who received WIC benefits during pregnancy demonstrated significantly increased head circumference, reflecting brain growth, while WIC children appeared to develop better cognitive skills. Other noted long-term results of WIC include the improved diet of infants and preschool children after WIC participation ended.

In August 1987, the Department of Agriculture released a study that estimates the number of women, infants, and children eligible under both the income and nutritional risk tests of the WIC program. The study found that 77 percent of those with incomes low enough to meet the WIC income limits also meet the WIC nutritional risk test. Further, as reported in the study, in 1984 only 40 percent of those eligible for WIC were participating in the program, while 60 percent were not served. This study also found that half of the highest risk group of eligible pregnant women were not receiving WIC benefits.

WIC is well recognized as one of the most effective early intervention and quality nutrition programs for pregnant women, infants, and children, and the Committee is concerned that a majority of those eligible for WIC are not currently being served by the program. In response to expressions of support and the demonstrable positive results of the program, the Committee recommends an increase of $141,000,000 over the 1987 level.

Several States are in the process of implementing various competitive bidding procedures that enable WIC agencies to reduce WIC program food costs. Savings achieved through innovative procedures are encouraged so long as the quality or quantity of WIC foods is not compromised. The Committee urges the Department to work closely with States electing to institute food price reduction plans and to help these States provide complete WIC counseling and food assistance services to more eligible women, infants, and children with realized savings.

WIC STUDIES

Many beneficial results of the WIC program have been noted by participants and program administrators, yet only a few extensive studies have been conducted that detail the direct and indirect cost savings attributable to WIC participation. A study published in August 1985 that analyzes the cost benefit of WIC prenatal participation and its relationship to newborn Medicaid costs in the State of Missouri provides a useful model for a national study on Medicaid and neonatal health care savings during the first few months after birth of infants whose mothers were WIC participants during pregnancy. The Committee includes bill language directing the Secretary to conduct a national study on health care cost savings and WIC participation. This study will include representative groups from 5 to 10 States that may be selected based on available comparative data systems. The results of this study shall be submitted to Congress no later than February 1, 1990.

In review of ongoing studies of the WIC program conducted by the Department, the Committee is concerned that funds are not being directed toward analyses of methods to improve administration of the program through technical assistance and information management or to assess the benefits of WIC participation on birth outcome, short- and long-term health and dependent care costs, cognitive and physical development, and other measures of program effectiveness. The Committee recommends that fiscal year 1988 funds be directed toward these purposes and that studies be coordinated with other agencies of Federal and State governments where practicable. A report providing a brief and clear description, the status, expected completion date, contract cost, and cost to date of ongoing studies and evaluations shall be submitted to the appropriate committees of Congress on March 15, 1988, and on March 15 each year thereafter.

COMMODITY SUPPLEMENTAL FOOD PROGRAM [CSFP]

1987 appropriation	$41,497,000
1988 budget estimate	34,590,000
Committee recommendation	47,732,000

The Commodity Supplemental Food Program [CSFP] is authorized by section 4(a) of the Agricultural and Consumer Protection Act of 1973, as amended in 1981 by Public Law 97–98. This program provides supplemental foods to infants and children up to age 6 and to pregnant, postpartum, and breast-feeding women and to senior citizens who have low incomes and are residing in approved project areas.

In fiscal year 1987 approximately 158,587 women, infants, and young children and 71,918 elderly are authorized to receive food packages each month. The foods are provided by the Department of Agriculture for distribution through State agencies. The authorized commodities are iron-fortified infant formula, rice cereal, canned juice, evaported milk and/or nonfat dry milk, canned vegetables or fruits, canned meat or poultry, egg mix, dehydrated potatoes, farina, and peanut butter or dry beans. Elderly participants may receive all commodities except iron-fortified infant formula and rice cereal.

States are given 15 percent of the Federal funds appropriated and, according to the Food Security Act of 1985 (Public Law 99–198), enacted December 23, 1985, 15 percent of the value of donated commodities to cover administrative costs. Allowable administrative costs include nutrition education, warehousing, food delivery, participant certification, and other costs associated with State and local administration of the program.

The Food Stamp and Commodity Distribution Amendments of 1981 (Public Law 97–98) authorized the institution of two pilot commodity distribution projects directed at low-income elderly persons. Detroit, MI, and Des Moines, IA, were selected as pilot sites. A third project, authorized by the 1983 Agriculture Appropriations Act (Public Law 97–370) was established in New Orleans, LA, in December 1982. The Food Security Act of 1985 (Public Law 99–198) authorized all CSFP sites to serve the elderly.

COMMITTEE RECOMMENDATIONS

For the Commodity Supplemental Food Program, the Committee recommends an appropriation of $47,732,000, $6,235,000 more than the amount appropriated for 1987 and $13,142,000 more than the budget request.

During fiscal year 1987, the Department authorized a CSFP caseload of 158,587 women, infants, and children, and 71,918 elderly, yet average participation in the program was significantly below the caseload authorized at 136,000 women, infants, and children and 42,000 elderly.

The Committee finds that under-utilization of authorized caseload is contrary to the intent with which appropriations for CSFP are provided and directs the Department to maintain and reassign authorized caseloads so the full level is served.

The Food Security Act of 1985 granted the Department authority to expand caseload usage at existing sites and to approve new CSFP program locations. The Committee directs the Department to use all available CSFP funds in fiscal year 1988 during the course of that fiscal year to serve authorized caseload and to expand caseload levels to new program sites that serve women, infants, and children or the elderly.

The Committee has included bill language that requires the Department to utilize the amount above the level that is needed to fund the 1987 authorized caseload to fund pending applications for new projects to the fullest extent possible. The Committee is aware that New Mexico, Kansas, Oregon, New York, and Minnesota have applications currently pending with the Department that meet program eligibility criteria.

The Committee restates its disapproval of using Commodity Supplemental Food Program [CSFP] funds to purchase CCC commodities and includes the same statutory language as included in the 1987 appropriations legislation restricting such transfers.

FOOD STAMP PROGRAM

1987 appropriation	$12,684,665,000
1988 budget estimate	12,787,550,000
Committee recommendation	13,680,757,000

[1] Including the Puerto Rico Nutrition Assistance Program.

The Food Stamp Program, which is authorized through September 30, 1990, by the Food Security Act of 1985, helps individuals and families with low incomes to obtain a more nutritious diet. Eligible participants are entitled to food stamp allotments based on their household size and net income after provision has been made for certain deductions. The food stamps increase the food purchasing power of eligible households and thus enable them to attain a better diet than would have been possible without the assistance of the Food Stamp Program.

The Food Stamp Program is currently in operation in all 50 States, the District of Columbia, the Virgin Islands, and Guam. Participating households receive food stamps whose value is determined by household size and income. The cost of the stamps is paid by the Federal Government and is called benefit cost. As required by law, the food stamp allotments for the various household sizes are periodically revised to reflect changes in the cost of the thrifty food plan. The last revision was made on October 1, 1987.

The State social service agencies are responsible for certifying eligible households and issuing the food stamps. Authorized grocery stores accept the stamps as payment for food purchases and forward them to commercial banks for cash or credit. The stamps flow through the banking system to the Federal Reserve Bank for redemption out of a special account maintained by the U.S. Treasury Department.

In fiscal year 1987 an average of 19,235,000 persons are expected to participate in the program monthly and receive stamps worth an average of $46.07 each month.

NUTRITION ASSISTANCE FOR PUERTO RICO

The Omnibus Budget Reconciliation Act of 1981 (Public Law 97–35) authorized a block grant for nutrition assistance to Puerto Rico which gives the Commonwealth broad flexibility to establish a food assistance program that is specifically tailored to the needs of its low-income households. However, the Commonwealth must submit its annual plan of operation to the Secretary for approval. The Food Security Act of 1985 (Public Law 99–198), enacted December 23, 1985, reauthorizes appropriations through fiscal year 1990. In addition to the provision of direct benefits to the needy, a portion of the grant may be used to fund up to 50 percent of the costs of administering the program. The grant may also be used to fund projects to improve agriculture and food distribution in Puerto Rico.

ADMINISTRATIVE COSTS

Since October 1, 1984, all direct and indirect administrative costs incurred for certification of nonpublic assistance households, issuance of food stamps, quality control, and fair hearing efforts have been shared by the Federal Government and the States on a 50–50 basis. States may receive 60 percent Federal funding of administrative costs if their error rates are below 5 percent and a reasonable rate of invalid decisions is attained. Any State agency's Federal administrative funding payment may be reduced if its error rate of overissuances and payments to ineligible households exceeds 5 percent in fiscal year 1985 or any succeeding fiscal year. Federal funding for 75 percent of automation costs incurred by State agencies is authorized by law.

State administration also includes State antifraud activities. Under the provisions of the Food Stamp Act of 1977, States are eligible to be reimbursed for not less than 75 percent of the costs of their food stamp fraud investigations and prosecutions. Of the funds appropriated for State administration, $63,400,000 has been budgeted to cover State antifraud activities in fiscal year 1987.

States are required to implement an employment and training program for the purpose of assisting members of households participating in the Food Stamp Program in gaining skills, training, or experience that will increase their ability to obtain regular employment. In fiscal year 1987, the Department of Agriculture will implement a new grant program to States to assist them in providing employment and training services. The Department will pay the States at least $50,000,000 to operate work programs in fiscal year 1987.

COMMITTEE RECOMMENDATIONS

For programs under the Food Stamp Act, the Committee recommends an appropriation of $13,680,757,000. This amount is $996,092,000 more than what was provided in 1987 and $893,207,000 more than the budget estimate.

FOOD STAMP PROGRAM

Funding for the Food Stamp Program is based on various economic and participation assumptions. Several factors affect the level of funding, such as higher-than-forecast food price increases, lower-than-accounted-for collections of error rate sanctions from States, or newly enacted legislation affecting program costs. The Committee notes that the administration's budget estimate for the Food Stamp Program for 1988 is inadequate to meet program needs for several reasons.

First, the cost of the thrifty food plan—the low-cost diet that serves as the basis for monthly food stamp benefits—has risen from $282 as estimated in the administration's 1988 request, to $290, an average increase of $8 per average four-member household per month. Because of this adjustment and slightly increased administrative costs, the administration now estimates that the Food Stamp Program will cost $12,506,007,000 instead of $11,962,550,000, an increase of $543,457,000.

Second, the administration's proposal to collect $233,000,000 from States for error liabilities is optimistic in light of its failure to collect any significant sanctions in 1987.

Third, as a result of enactment of Public Law 100–77 after the budget estimate was submitted, adjustments to the shelter deduction are expected to increase program costs in 1988 by $62,000,000.

Therefore, the Committee is providing a total of $12,801,007,000 for the Food Stamp Program excluding the Puerto Rico Nutrition Assistance Program. The difference of $838,457,000 between the administration's budget and current estimates of increased program costs is a disturbing discrepancy.

The Committee expresses strong criticism of the Department for its failure to provide the Committee with accurate, up-to-date estimates of Food Stamp Program budget estimates for fiscal year 1988 in light of the midsession review by the Office of Management and Budget and other factors known to the Department well in advance of the beginning of the fiscal year that affect program costs. The Committee fully expects the Department to amend its budget recommendations when significant fluctuations in initial budget estimates are known in advance of enactment of appropriations legislation for the fiscal year affected. In such cases, the Department should not rely on supplemental legislation to make up for its blatant failure to notify Congress of program cost adjustments.

Benefit reductions should not be made as a result of outdated estimates of program costs. The Food Security Act of 1985 requires that full benefits be provided to all eligible households that apply for food stamps up to the authorization ceiling. In fiscal year 1988 the authorization ceiling is $14,741,000,000.

In the past, the Committee has supported research on mandatory monthly reporting and retrospective budgeting [MMRB] procedures. The Committee expects that the Department will be guided by such research findings in determinations concerning MMRB for household categories determined to be a State option under section 1513 of the Food Security Act of 1985, Public Law 99–198.

Recent reports of quality control handbook procedure changes without prior notice to the States have come to the attention of the Committee. The Committee expects that States will be granted the opportunity for prior review and comment on significant changes in procedures that might affect error rates or the calculation of error rates proposed through such internal guidelines or training manuals.

There is a potential for increased errors by States in issuing food stamps due to provisions of the Urgent Relief for the Homeless Act, Public Law 100–77, particularly the provision to phase in increases in the shelter deduction. The Committee, therefore, expects that the Department will hold States harmless for quality control system errors resulting from the phase-in of implementation of this provision.

The administration has submitted statutory language that requires State food stamp agencies to submit final claims for reimbursable costs within 90 days after the close of the fiscal year. The Committee does not concur with this proposal and notes that complexities of the Food Stamp Program would not allow for identification and notification of all reimbursable costs under such a deadline.

Of the amount appropriated for the Food Stamp Act, the Committee recommends $879,750,000 for the Puerto Rico Nutrition Assistance Program, as authorized by the Food Security Act of 1985. This amount is $27,000,000 more than the 1987 level and $54,750,000 more than the administration's budget estimate. The Committee rejects the administration's legislative proposal to establish the Puerto Rico Nutrition Assistance Program as an account separate from the Food Stamp Program.

CASH AND COMMODITIES FOR SELECTED GROUPS

1987 appropriation	$193,589,000
1988 budget estimate	193,203,000
Committee recommendation	197,505,000

The cash and commodities for selected groups appropriation funds the food distribution program on Indian reservations; the continuation of food assistance to residents of the Federated States of Micronesia, Marshall Islands, and the Republic of Palau; and the nutrition program for the elderly.

Food distribution programs on Indian reservations and in the Pacific Islands.—The Food and Agriculture Act of 1977 authorized the distribution of agricultural commodities to eligible needy persons residing on or near Indian reservations or in the Trust Territories of the Pacific. The act requires that a food distribution program be established on an Indian reservation if an Indian tribal organization [ITO] requests the program. If the ITO is capable of administering the program, it may do so in lieu of administration by a State agency. Public Law 97-98 authorized low-income Indian households residing in Oklahoma and not living on a reservation to participate in the program.

The Compact of Free Association Act of 1985 as amended and the compact approved by the peoples of the Federated States of Micronesia and the Marshall Islands established them as freely associated States. For transition purposes, food assistance will continue in fiscal year 1987 and 1988 but at reduced levels as prescribed in the act. Food assistance for Palau will continue at normal levels until the residents of Palau approve their compact.

In fiscal year 1987 participation in the food distribution program on Indian reservations is expected to average about 142,503 per month. It is estimated that 5,280 residents of the former trust territories will receive food assistance in fiscal year 1987.

The foods made available to the distributing agencies include canned meat, fruit, vegetables and juice, flour, rice, evaporated milk, dry milk, and shortening. To the extent that surplus price-support commodities are available and can be used and not wasted, the Commodity Credit Corporation [CCC] donates them for use in this program. In fiscal year 1987 the cost of the food package distributed on Indian reservations will average about $20.67 per person per month while the food package distributed in the Pacific Islands will average about $15.46. These package costs include the value of commodities donated by CCC.

Cash payments are made to distributing agencies to assist them in meeting the administrative expenses incurred in operating a food distribution program. Included among these costs are local warehousing and transportation of commodities, utilities, salaries, and equipment.

Nutrition program for the elderly.—Commodity support for the nutrition program for the elderly is authorized by titles III and VI of the Older Americans Act of 1965. The foods provided are used in preparing meals which are served in senior citizen centers and similar settings or delivered to the home-bound elderly. These meals are the focal point of the nutrition projects for the elderly which have the dual objectives of promoting better health and reducing the isolation of old age.

Currently, commodities or cash in lieu of commodities are distributed through State agencies to the local meal sites at a specific rate per meal set by law. Some States elect to take all of their subsidy in cash and some States choose to receive a combination of cash and commodities. The commodities made available to the nutrition program for the elderly are generally the same as those provided to schools under the child nutrition programs.

Although originally a program to distribute nutritious surplus commodities to senior meal sites, the program evolved into a cash subsidy program. Almost 96 percent of program resources are distributed to meal providers in cash, on a per meal reimbursement basis.

COMMITTEE RECOMMENDATIONS

For the programs of the cash and commodities for selected groups, the Committee recommends an appropriation of $197,505,000. This amount is $3,916,000 more than the 1987 appropriation and $4,302,000 more than the budget request.

The Committee recommends an appropriation of $55,530,000 for the Needy Family Program, an amount that is $902,000 below the fiscal year 1987 enacted level and $2,639,000 above the administration's request. This recommendation is based on expectations of the number of American Indians that will participate in the program.

For the nutrition program for the elderly, the law sets a per-meal reimbursement rate of 56.76 cents. In fiscal year 1988, the Committee recommends an appropriation of $141,975,000 for the nutrition program for the elderly, $4,818,000 more than the fiscal year 1987 appropriation and $1,663,000 more than the budget estimate.

TEMPORARY EMERGENCY FOOD ASSISTANCE PROGRAM

1987 appropriation	$50,000,000
1988 budget estimate	
Committee recommendation	50,000,000

Title II of Public Law 98-8, enacted March 3, 1983, authorized and appropriated funds for costs of intrastate storage and transportation of CCC commodities donated to families. Public Law 98-198, enacted December 23, 1985, authorized $50,000,000 for this purpose in fiscal years 1986 and 1987.

Funds are administered by the Food and Nutrition Service through grants to State agencies which operate commodity distribution programs. Allocation of the funds to States is based on a formula which considers the States' unemployment rates and the number of persons with incomes below the poverty level.

In fiscal year 1986, about 846,200,000 dollars' worth of surplus commodities were distributed to assist needy individuals. Donations will continue in fiscal year 1987. Precise levels will depend upon the availability of surplus commodities and requirements regarding market displacement.

COMMITTEE RECOMMENDATIONS

For the Temporary Emergency Food Assistance Program [TEFAP], the Committee recommends an appropriation of $50,000,000. This amount is the same as the 1987 appropriation and $50,000,000 more than the budget request.

TEFAP is a vital program that provides supplemental food assistance to low-income Americans while reducing surplus stocks of commodities under authority granted by section 416(a) of the Agricultural Act of 1949. The Committee expresses concern over the handling of the proposed deferral of TEFAP administrative funds in January 1987.

The preliminary budget released on January 5, 1987, indicated an intent by the administration to defer approximately 28 percent of the

1987 appropriation for TEFAP. Formal notice of the proposed deferral was not transmitted to Congress until January 29. Despite this fact, the Food and Nutrition Service informed State offices prematurely—during the week of January 12—that a 29-percent reduction of second quarter funds was in effect and that further funding in fiscal year 1987 would not be forthcoming.

This information caused needless confusion and disruption of TEFAP commodity distributions to emergency feeding organizations and needy individuals. Suit was filed by a number of recipients, emergency food distributors, and Members of Congress. As soon as the deferral was received by Congress, this Committee immediately overturned it. Overturning the deferral was subsequently approved by Congress and the President.

The Committee disagrees strongly with the administration's deferral of TEFAP program funds in 1987 and recommends that such unnecessary interruption of surplus commodity distributions be avoided in 1988.

TEFAP commodities are distributed through a variety of emergency feeding organizations that provide multipurpose services to local communities. These organizations often serve as a conduit for the circulation of materials on shelters for the homeless, public assistance programs, voter registration, and other information that may be useful to clients electing to receive it. The Committee expects the Department to exercise caution in developing any regulations that would limit circulation of this type of information to TEFAP recipients that may wish to receive it and to balance carefully this concern with any prohibition on circulation of materials that are offered as a condition to receiving TEFAP commodities or that suggest that TEFAP commodities are donated by persons or organizations other than USDA.

FOOD PROGRAM ADMINISTRATION [FPA]

1987 appropriation	$84,794,000
1988 budget estimate	87,302,000
Committee recommendation	87,302,000

Federal expenses associated with administration of the Food and Nutrition Service [FNS] programs are provided in the FPA appropriation. These expenses involve program and policy development, program monitoring, assistance to State agencies which actually operate the programs and general management support. Costs directly associated with delivery of benefits to participants are generally shared with the States and are funded from the individual program appropriations. Direct Federal operation of programs is provided through the FPA appropriation only in certain cases where a State is prohibited by law from disbursing program funds or where no State agency has assumed administrative responsibility.

The following programs are administered by FNS: Child Nutrition Programs, Special Milk Program, Special Supplemental Feeding Program for Women, Infants, and Children [WIC], Commodity Supplemental Food Program [CSFP], Food Stamp Program, Nutrition Assistance for Puerto Rico, and the Cash and Commodities for Selected Groups.

COMMITTEE RECOMMENDATIONS

For food program administration, the Committee recommends an appropriation of $87,302,000. This amount is $2,508,000 more than the 1987 level and the same as the budget request.

HUMAN NUTRITION INFORMATION SERVICE

1987 appropriation	$6,985,000
1988 budget estimate	8,674,000
Committee recommendation	8,674,000

The Human Nutrition Information Service [HNIS] was established October 1, 1981, by the Secretary's Memorandum No. 1000–1 issued pursuant to Reorganization Plan No. 2 of 1953 (7 U.S.C. 2201). The functions of this agency were formerly carried out in the Agricultural Research Service. HNIS activities fall into one major category: Research, analysis, and technical assistance which is concerned with the conduct and interpretation of applied research in human nutrition to improve professional and public understanding of the nutritional adequacy of diets and food supplies. It is also concerned with the nutritive value of food and the development of knowledge needed to improve the nutritional quality of diets, thereby improving the general health of the American public.

The agency has primary responsibility for the Department's role in the National Nutrition Monitoring System and in formulating dietary guidelines for healthy Americans. It is the primary national resource for information on the nutritive value of foods.

COMMITTEE RECOMMENDATIONS

For the Human Nutrition Information Service, the Committee recommends $8,674,000, the same as the budget estimate. This amount is $1,689,000 more than the level provided in 1987.

TITLE IV—INTERNATIONAL PROGRAMS

FOREIGN AGRICULTURAL SERVICE

1987 appropriation	83,783,000
1988 budget estimate	85,511,000
Committee recommendation	100,000,000

The Foreign Agricultural Service [FAS] was established on March 10, 1953, by Secretary's Memorandum No. 1320, supplement 1. Public Law 690, approved August 28, 1954, transferred the agricultural attachés from the Department of State to the Foreign Agricultural Service.

The agency maintains a worldwide agricultural intelligence and reporting service to provide U.S. farmers and traders with information on world agricultural production and trade that they can use to adjust to changes in world demand for U.S. agricultural products. This is accomplished through a continuous program of reporting by 76 posts located throughout the world covering some 108 countries.

The Foreign Agricultural Service analyzes agricultural information essential to the assessment of foreign supply and demand conditions in order to provide estimates of the current situation and to forecast the export potential for specific U.S. agricultural commodities. Published economic data about commodities are combined with attaché reports and subjected to analysis through advanced econometric techniques to generate these estimates.

In addition, the Service is now using advanced techniques for identifying, delineating, and assessing the impact of events which may affect the condition and expected production of foreign crops of economic importance to the United States. The crop condition activity relies heavily on computer-aided analysis of satellite, meteorological, agricultural, and related data.

The mission of FAS overseas is to represent U.S. agricultural interests, to promote export of domestic farm products, improve world trade conditions, and report on agricultural production and trade in foreign countries. FAS staff are stationed at foreign embassies in over 100 countries around the world where they provide expertise in agricultural economics and marketing, as well as provide attache services.

The Foreign Agricultural Service works in conjunction with market development cooperators, trade associations, State departments of agriculture and their affiliates, and U.S. sales teams to develop foreign markets for U.S. farm products. FAS sponsors overseas trade exhibits to promote U.S. agricultural products, provides information about foreign importers, and performs a wide range of market development activities.

The Food Security Act of 1985 (Public Law 99–198) authorized several export assistance programs to counter the adverse effects of unfair trade practices by competitors on U.S. agricultural trade. The Export Enhancement Program uses CCC-owned commodities as export bonuses to provide export enhancements to U.S. producers. The Targeted Export Assistance [TEA] Program conducts both generic and brand-identified promotional programs in conjunction with nonprofit agricultural associations and private firms financed through reimbursable CCC certificates. These programs are supplemented by the Cooperator Program, a joint FAS-nonprofit private trade and producer association partnership program developing strategies for U.S. agriculture export expansion. Nonprofit private trade and producer associations have generated an estimated $774,000,000 in contributions to more than match the $409,000,000 contributed by FAS to finance overseas market promotion activities under the Cooperator Program. In addition, GSM credit guarantee programs play an integral role in the recent progress of American agriculture in the world marketplace.

The Agricultural Trade Act of 1978 includes authority to establish up to 25 agricultural trade offices. Currently, 15 such offices are in operation at key foreign trading centers to assist U.S. exporters, trade groups, and State export marketing officials in trade promotion.

The Service initiates, directs, and coordinates the Department's formulation of trade policies and programs with the goal of maintaining and expanding world markets for U.S. agricultural products. It monitors international compliance with bilateral and multilateral trade agreements. It identifies restrictive tariff and trade practices which act as barriers to the import of U.S. agricultural commodities, then supports negotiations to remove them. It acts to counter and eliminate unfair trade practices by other countries that hinder U.S. agricultural exports to third markets.

COMMITTEE RECOMMENDATIONS

For the Foreign Agricultural Service, the Committee recommends an appropriation of $100,000,000. This amount is $16,217,000 more than the 1987 amount and $14,489,000 more than the budget estimate.

The overall success of export assistance programs reauthorized and initiated by the Food Security Act of 1985 can be measured by recent upswings in the value and volume of U.S. agricultural exports between 1985 and 1987. Estimates of a $2,000,000,000 increase in the value of agricultural products exported during this period have favorably affected the U.S. agricultural trade balance and is strong justification for more support for export enhancement activities. The Committee, therefore, recommends this increase over the 1987 level to aid U.S. producers and processors in marketing expansion in the highly competitive world marketplace.

Recognizing that continued expansion of U.S. agricultural exports into new markets abroad depends on adequate funding for FAS and the operation of various export promotion programs authorized by the

Food Security Act of 1985, the Committee rejects the administration's proposal to scale back the Targeted Export Assistance [TEA] Program and urges the Department to undertake various initiatives to assure continued progress for U.S. agriculture in international trade.

The Committee is concerned about the demands placed on personnel stationed at the 15 established agricultural trade offices and notes that personal services contract authority is vital to the continued, efficient operations of Foreign Agricultural Service operations overseas. Therefore, the Committee has included bill language providing that funds may be used to contract with individuals for personal services necessary or appropriate for carrying out programs and activities abroad and that such individuals will not be regarded as officers or employees of the United States under any law.

Diplomatic rank for Government officers stationed at U.S. missions abroad is highly regarded by foreign host governments. Department of Agriculture representatives stationed abroad promote markets for U.S. exports, negotiate research and development information exchanges, and advance U.S. agricultural trade relations. Statutory language included in the bill grants the Secretary authority to accord diplomatic title of minister-counselor to a maximum of eight senior FAS officials assigned to any U.S. station abroad. The Committee notes that granting diplomatic status to FAS officials will not have any budgetary impact, but it will afford FAS officials the rank appropriate to carry out their responsibilities abroad.

During hearings in 1987, concern was expressed about the public release of activity plans and related generic and branded promotional information of TEA applicants or participants by FAS. The Committee finds that release of such information could cause substantial harm to the competitive position of TEA applicants or participants and could be detrimental to future TEA participation. It is the view of the Committee that advertising and promotional information provided to FAS by TEA participants should be kept confidential until the objectives of the TEA program and commercial interests of TEA participants would not be impaired.

Efforts by the Foreign Agricultural Service to promote international sales of a variety of vegetable oils, particularly those that are not price supported, are commended. In order to encourage the expansion of these efforts, the Committee expects FAS to continue to work with the Department of State to assure timely approval of pending Export Enhancement Program proposals for sales of vegetable oils to Mediterranean basin countries.

PUBLIC LAW 480

Under Public Law 480, as amended, exports of available agricultural commodities are made to developing countries. Factors determining commodity availability are productive capacity, domestic requirements, farm and consumer price levels, anticipated commercial exports, and adequate carryover. No commodity is available for disposition if it would reduce the domestic supply below that which is needed to meet domestic requirements, adequate carryover, and anticipated exports for dollars, unless the Secretary determines that some part of the supply should be used for urgent humanitarian purposes. No commodities may be made available except upon determination that adequate storage facilities are available in the recipient country at the time of exportation to prevent spoilage or waste and that the distribution will not be a substantial disincentive to the recipient country's domestic production. In carrying out this program, emphasis is placed on assistance to those countries that are determined to help themselves by improving their agricultural production and economic development.

Facilities and funds of the Commodity Credit Corporation are, by law, used in carrying out programs for exporting agricultural commodities. The law also authorizes appropriations to be made to cover the costs of such programs. When funds become available, advances are made to the Corporation for estimated costs. If the amounts appropriated are greater than actual needs, the excess is used to reduce future appropriation requests. Because of these various funding authorities, actual program levels vary from the amounts provided in the appropriations bill.

The following activities are currently being carried out under the Agricultural Trade Development and Assistance Act of 1954, Public Law 480, 83d Congress, as amended:

TITLES I AND III—CREDIT SALES

	Direct appropriation	Program level
1987 appropriation	$454,727,000	($834,727,000)
1988 budget estimate	429,596,000	(852,000,000)
Committee recommendation	429,596,000	(852,000,000)

Financing the sale of agricultural commodities for convertible foreign currencies, for dollars on credit terms, or for convertible foreign currency for use under section 108 of the act; and furnishing commodities to carry out the Food for Progress Act of 1985 (titles I and III) (7 U.S.C. 1701–1715, 1727–1727f).—Title I of the legislation authorizes financing of sales for convertible foreign currencies and for dollars on credit terms, including commodities exported under title III food for development programs. Sales for dollars or convertible foreign currencies may be made to foreign governments, or United States and foreign private trade entities. The legislation provides for credit terms that are as favorable to the United States as the economy of the foreign country will permit, but not less than the terms for development loans made under sections 122(a) and 122(b) of the Foreign Assistance Act of 1961, as amended.

Title I sales may also be financed for convertible foreign currencies to be loaned to financial intermediaries in the recipient countries. These funds would be reloaned to promote private enterprise institutions. Loans repaid by the financial intermediaries may be reloaned for private enterprise investment, used to develop new markets, pay U.S. obligations, or be converted to U.S. dollars.

Title I appropriated funds may also be used under the Food for Progress Act to furnish commodities on credit terms or on a grant basis to assist countries that have a commitment to introduce and expand free enterprise elements in their agricultural economies.

COMMITTEE RECOMMENDATION

For Public Law 480, titles I and III, the Committee recommends a program level of $852,000,000. This amount is $17,273,000 more than the 1987 level and the same as the amount requested in the budget.

The Committee recommendation for title I includes an appropriated level of $429,596,000. This amount plus carryover balances of $42,404,000 and receipts from repayments on long-term credit and sales of foreign currency of $380,000,000 comprise the total recommended program level of $852,000,000 for title I.

TITLE II—COMMODITIES FOR DISPOSITION ABROAD

	Direct appropriation	Program level
1987 appropriation	$628,344,000	($628,344,000)
1988 budget estimate	535,000,000	(535,000,000)
Committee recommendation	630,000,000	(630,000,000)

Commodities supplied in connection with dispositions abroad (Title II) (7 U.S.C. 1721-1726).—Commodities are supplied without cost to developing countries to combat malnutrition, and to meet famine and other emergency requirements. The Corporation pays ocean freight on shipments under this title, and may also pay overland transportation costs to a landlocked country, as well as internal distribution costs in emergency situations. Each year, up to $7,500,000 of foreign currencies accruing under title I may be purchased from this appropriation to meet costs of self-help activities (other than personnel and administrative) of cooperating groups.

COMMITTEE RECOMMENDATION

For title II of Public Law 480, the Committee recommends an appropriation of $630,000,000. This amount is $1,656,000 more than the amount available in 1987 and $95,000,000 more than the budget request.

The budget request of $535,000,000 was based on assumptions that commodity distribution levels of 1.9 million metric tons on a grain equivalency basis would be programmed under title II. Based on current commodity prices, the recommended appropriation, plus the carryforward of $18,200,000 of 1987 funds to buy down freight expenditures in 1988, will support over 2.2 million metric tons on a grain equivalency basis. This amount is at least 60,000 tons more than the level programmed in 1987 under title II. The Committee expects that this level will be supplemented by the minimum tonnage of 500,000 metric tons of grains under section 416(b) donation authority.

In concurrence with the administration's request and the 1987 appropriations legislation, for 1988 the Committee allows for the transfer of up to 15 percent of funds available for carrying out programs under Public Law 480 between any title. The Committee expects the Department to exercise this transfer authority with caution to meet unforeseen circumstances that might arise.

Title II is a primary source of emergency food relief available to needy nations. Recognizing the severe conditions of malnutrition that persist in many countries, combined with anticipated food shortages in parts of Asia and Africa, the Committee directs the Secretary to utilize whatever tools are available to avert emergency. Specifically, the Committee instructs the Secretary to release commodities through the Food Security Wheat Reserve and section 416(b) of the Agricultural Act of 1949 (7 U.S.C. 1431) when these commodities can be used to feed needy people. Under authority granted under section 403(b) of the Agriculture Trade Development and Assistance Act of 1954 (7 U.S.C. 1733(b)), the Committee directs the Secretary to determine the reimbursement due the Commodity Credit Corporation to help assure that the quantity of commodities available to meet emergency food shortages faced by needy nations is adequate.

OFFICE OF INTERNATIONAL COOPERATION AND DEVELOPMENT

1987 appropriation	$5,149,000
1988 budget estimate	3,748,000
Committee recommendation	5,592,000

The Office of International Cooperation and Development [OICD] was established by Secretary's Memorandum No. 1947, dated May 1, 1978.

The mission of OICD is to promote U.S. agriculture and to advance the agriculture of developing countries as parts of a complementary global agricultural system capable of providing ample food and fiber for all people. To accomplish this mission, OICD applies USDA policies and U.S. agricultural perspectives in its programs of international agricultural cooperation and development, and in its work with foreign countries, international organizations, U.S. universities and other institutions, agencies of the U.S. Government, and the U.S. private sector.

COMMITTEE RECOMMENDATIONS

For the Office of International Cooperation and Development, the Committee recommends an appropriation of $5,592,000. This amount is $443,000 more than the 1987 level and $1,844,000 more than the budget estimate.

In addition, the Committee has included bill language which permits the expenditure of Department of Agriculture funds for placement of Americans in international organizations through the Associate Professional Officers Program. OICD is to provide leadership on this activity, as in the past, working closely with other agencies to identify sources of funds and otherwise implement the program.

SCHOLARSHIPS FOR FOREIGN AGRICULTURISTS

The Middle Income Country Training Program, begun in fiscal year 1984 as a congressional initiative from this Committee, has proven to be a resounding success. It is proving to be a wise economic investment, as well as a program to build friendships and good will.

Because the 10 countries involved in the program are at income levels where they can be cash customers for goods and services, market development has become an important program goal. U.S. commodity trade groups, such as the U.S. Rice Council and the American Seed Trade Association, have taken an active role in nominating candidates for the scholarships. They have also helped implement the training in the United States. They see the program as one that is not only helping the recipient countries solve remaining development problems, but it is also helping foster trade relationships. Some 13 commodity groups have now assisted with this effort.

In some instances there have been immediate sales generated by the program. A 1985 scholarship recipient, for example, purchased veterinary supplies and equipment for establishing a livestock embryo transplant clinic when he returned to his country. However, the greatest potential is in long-range, continuing sales. This same participant has been importing embryos from the United States ever since his program here, and this year he returned at his own expense to purchase some 500 head of dairy cattle on behalf of Venezuelan farmers. It is anticipated that, as an outgrowth of another program conducted this summer, the United States will gain a market for some 170,000 tons of rice each year. Still another recent program is generating a market for supplies, equipment, and feed for a major 2,000 acre aquaculture enterprise.

Because these commodity groups envision sufficient trade potential, they are paying for some of the travel and training, which is augmenting the appropriated dollars and allowing many more programs to be conducted. Also, because participants' home organizations also perceive many program benefits, they have begun covering the international transportation costs which is further leveraging the seed money provided by the appropriation and helps provide a lot of program for a small investment.

One U.S. agricultural attaché cited the Middle Income Country Training Program as one of three items he considered to be major successes in his country during the past year. He noted that the ability of his office to promote agricultural exports was enhanced significantly by the establishment of this program. A U.S. Ambassador in another country also felt strongly enough about the program to send a cable supporting the program.

While most international programs contribute to improved understandings and friendships that foster good will, as well as political and security benefits, this program has a valuable added dimension of economic benefit. With so much to be gained from only a minimal investment, the Committee recommends continuation of the program at a level of $1,492,000.

SCIENTIFIC ACTIVITIES OVERSEAS (SPECIAL FOREIGN CURRENCY PROGRAM)

1987 appropriation	$2,500,000
1988 budget estimate	
Committee recommendation	2,500,000

As authorized by sections 104(b)(1) and 104(b)(3) of the Agricultural Trade Development and Assistance Act of 1954 (Public Law 480), as amended, USDA uses foreign currencies to support agricultural and forestry research on problems of mutual interest to the United States and participating foreign countries. OICD represents all USDA agencies in this activity. Since the program's inception in 1958, over 2,000 projects valued at approximately $150,000,000 equivalent in foreign currency have been negotiated in 33 countries worldwide. The appropriation for scientific activities overseas is allotted as intergovernmental fund transfers when grants are obligated for cooperative research in foreign countries.

Research projects conducted abroad through grants negotiated with foreign research institutions and organizations are selected based on their relevance to priority U.S. agricultural concerns, such as preventing the incursion of animal diseases and exotic insects and developing plants that are drought tolerant, disease-resistant and more productive. Cooperative research benefits U.S. agriculture by developing markets for U.S. agricultural products and equipment, adding to knowledge of our environment, and cutting the cost of valuable research. It also provides access to unique agricultural ecosystems in order to study insects, weeds, and diseases which have entered the United States and have caused severe losses due to lack of biological control.

COMMITTEE RECOMMENDATION

The Committee believes scientific activities overseas provide a unique opportunity to complement and enhance domestic research efforts. Therefore, OICD may purchase up to $2,500,000 in foreign currencies for overseas research activities. This is the same level as was available in 1987 and $2,500,000 more than the budget estimate.

Since fiscal year 1958, USDA has been conducting research abroad utilizing foreign currencies generated by the sale of Public Law 480 commodities. The work was initially limited to countries where the United States held local currencies in excess of amounts needed for embassy and other similar U.S. Government local expenses. Because the research results were producing significant benefits for the United States, however, USDA's authority was later expanded to permit negotiations of new agreements with local currency payments for these international research activities.

An evaluation of the program completed in 1987 by Associates in Rural Development, Inc., Burlington, VT, showed that the work accomplished from 1958 to 1985 has "been of vital importance to past agricultural development and the potential for its continued development in the United States, primarily due to its unique contribution to the total agricultural research and development efforts of both the public and private sectors in this country." The impact assessment study notes that the special contribution of these scientific activities overseas has been the ability to conduct research that would have been impossible in the United States because of biological, environmental, or financial constraints. They have provided sources of valuable genetic variability, allowed U.S. scientists to take advantage of plant and animal disease outbreaks overseas, and produced information and technology that has been transferred to the United States.

TITLE V—RELATED AGENCIES

DEPARTMENT OF HEALTH AND HUMAN SERVICES

FOOD AND DRUG ADMINISTRATION

The mission of the Food and Drug Administration [FDA] is to ensure that (1) food is safe, pure, and wholesome; (2) cosmetics are safe; (3) human and animal drugs, biological products, and therapeutic devices are safe and effective; and (4) radiological products and use procedures do not result in unnecessary exposure to radiation.

Under the foods program, FDA sets food standards; evaluates food additives and packaging for potential health hazards; conducts research to reduce food-borne disease, to determine specific health impacts of hazardous substances in food and to develop methods for detecting them in foods; and maintains surveillance over foods through plant inspections, laboratory analyses, and legal action where necessary.

The drugs program includes the premarket review of human drugs and biological products in order to ensure their safety and efficacy, and the postmarketing monitoring of drug experience. FDA conducts manufacturer inspections and sample examinations to ensure industry compliance. Included under this program activity is the similar regulation of animal drugs, devices, and feeds as well as a program to assure the safety of animal-derived human foods.

The devices and radiological products program conducts premarket review and postmarket surveillance of medical devices to determine their safety and efficacy, and sets standards for the manufacture and use of radiological products to protect the public from unnecessary exposure to radiation. FDA monitors experience with medical devices, and conducts inspections of manufacturing plants and tests of radiological products to ensure compliance with regulations and standards.

For these three major product-oriented programs, the agency utilizes a wide variety of scientific skills to deal with the many types of products regulated and the many scientific decisions FDA must make. These skills range from field investigators, all of whom must have education in the physical or biological sciences, to chemists, microbiologists, engineers, medical officers, and scientists from many other disciplines. Similarly, FDA utilizes a variety of laboratory facilities, both to test products for safety and to conduct the research necessary to evaluate health hazards and to develop the means to detect product hazards and prevent them.

In addition, the National Center for Toxicological Research in Jefferson, AR, serves as a specialized resource for FDA's other program elements by advancing the science of toxicology. This facility conducts research to improve the base of scientific knowledge on which the agency makes decisions in assessing the risks of potentially toxic substances.

SALARIES AND EXPENSES

1987 appropriation	$423,803,000
1988 budget estimate	454,109,000
Committee recommendation	454,109,000

COMMITTEE RECOMMENDATIONS

For salaries and expenses, the Committee recommends $454,109,000. This amount is $30,306,000 more than the amount available in 1987 and the same as the budget estimate.

The administration's budget request includes a proposal for the collection of user fees in fiscal year 1988 totaling $33,800,000. Legislation granting FDA specific authority to assess and collect user fees has not been enacted, and the Committee does not permit the FDA to implement such user fees under general authority provided by the User Charges Act (31 U.S.C. 9701). Should specific legislation authorizing user fees be enacted, the Committee believes such fees should be credited directly to the salaries and expenses account of FDA.

Emergency contingency fund.—FDA has not requested additional funding for its contingency fund to cover extraordinary direct expenses resulting from emergency situations, because $1,157,000 remains available in the fund from prior years. The Committee recognizes the importance of this fund in meeting the expenses of unforeseen emergencies and has provided that $1,000,000 of this appropriation be placed in the fund.

AIDS.—The Committee is extremely concerned by the manner in which a request for increased AIDS funding was handled by the administration. On June 30, 1987, the President submitted a request to the Congress for an additional $257,075,000 for acquired immune deficiency syndrome [AIDS] research and education. However, nowhere in that transmittal was a specific amount requested for FDA. On September 18, 1987, the President sent Congress an amended budget request that again did not include the recommended increase in the FDA budget for AIDS. Furthermore, no indication of this request was made by the President, the Director of the Office of Management and Budget, the Secretary of Health and Human Services, or the Commissioner of the Food and Drug Administration to the subcommittee with jurisdiction over FDA until October 15, 1987. Therefore, the subcommittee had no advance time to review the request and include it in its deliberations. The Committee now understands that $8,880,000 of the $257,075,000 is for FDA.

Recognizing the critical importance of AIDS research, the Committee has included $24,570,000 for FDA efforts related to AIDS. This amount includes the $8,880,000, represents an increase of $8,680,000 over the 1987 level, and will provide for 123 staff-years.

Premarket approval applications.—The Committee commends FDA for its efforts to improve the product review process by instituting management efficiencies and hiring more review personnel in fiscal year 1987, as directed. Although there is a noted decline in the backlog of premarket approval applications [PMA's] and marked improvement in the approval rate of PMA's, the number of application submissions continues to increase, resulting in an average approval time of 11 months, almost twice the statutory limit.

The Committee expects the Commissioner to make available to the Office of Device Evaluation up to $1,000,000 in additional funding for review of premarket approval applications under section 515 of the Federal Food, Drug and Cosmetic Act, premarket notifications under section 510(k) of such act, and investigational device exemptions under section 420(g) of such act.

Food safety labeling requirements.—The Committee requests FDA to require stricter labeling requirements on the source of fiber used in reduced calorie breads. It is essential that the labeling pertaining to fiber clearly indicate the source of that fiber. Past labeling such as alpha cellulose, powdered cellulose, and other terms have been misleading to the public. The Committee believes that such labeling should clearly indicate the source of the fiber, such as wood, cotton seed linters, or soy.

Milk safety.—FDA is instructed to allocate a minimum of $300,000 for milk safety training of regional and State milk regulatory officials to improve knowledge of levels of microbiological contamination potentials and implement uniform practical onsite demonstrations and training exercises. This training will benefit regulatory and industry personnel who are responsible for assuring milk safety and protecting the public health under the cooperative Federal-State Interstate Milk Shippers Program. The Committee expects that such funding will be earmarked for technical training development through the Milk Safety Branch of FDA.

Orange juice adulteration.—Despite noted progress, the Committee continues to be concerned about the problem of orange juice adulteration and believes that FDA must continue to focus its enforcement efforts on orange juice adulteration and cooperate in any way possible with the citrus industry in efforts to reduce the economic harm that adulteration causes.

Orange juice sampling and analyses.—In 1984, FDA began an effort with the Florida Department of Citrus to collect and analyze a number of seasonal, geographic, and varietal samples of oranges. This information is important to the development of baseline data to support new and more precise analytical procedures that will allow FDA to identify and take action against misrepresented or adulterated orange juice. FDA is directed, within available resources, to continue to work on this project. This work should include further sample analysis and testing, combined computer analysis of past and new data, and efforts to develop practical analytical procedures that take advantage of data that has been collected and analyzed.

Sulfites.—During hearings in April 1987, the FDA Commissioner assured the Committee that proposed regulations evaluating the safety of sulfites used in potatoes and other food products would be forthcoming within weeks. Proposed regulations have not yet been published.

Recognizing that FDA has confirmed several deaths resulting from sulfite-treated foods, the Committee finds that any recommendation by the Office of Management and Budget that would reduce the threat of sulfites on human health to require mere educational information is wholly inadequate.

The Committee is further disturbed by the disregard that FDA has demonstrated with respect to prior deadlines for issuing proposed rules on sulfite use in potatoes and for other food products as well. Therefore, the Committee instructs FDA to publish proposed regulations on its safety evaluations and guidance that should be afforded the American public on the use of sulfites in fresh and processed potatoes by December 31, 1987, and in other products by February 1, 1988.

BUILDINGS AND FACILITIES

1987 appropriation	$1,879,000
1988 budget estimate	1,450,000
Committee recommendation	1,450,000

In addition to Washington area laboratories which are in nine separate locations, there are 24 lab facilities around the country, including regular field laboratories and specialized facilities, as well as the NCTR complex. Continued repairs, modifications, and improvements to FDA headquarters and field facilities must be made to preserve the properties, ensure employee safety, meet changing program requirements, and permit the agency to keep its laboratory methods up to date.

COMMITTEE RECOMMENDATIONS

For FDA buildings and facilities, the Committee recommends $1,450,000. This amount is $429,000 less than the amount provided in 1987 and the same as the budget request.

RENTAL PAYMENTS, FDA

1987 appropriation	$24,627,000
1988 budget estimate	34,495,000
Committee recommendation	34,495,000

Annual appropriations are made to agencies of the Federal Government so that they can pay the General Services Administration [GSA] fees for rental of space and for related services.

The budget estimates for rental payments are based on GSA's projection of what it will bill agencies in the budget year. The agencies have no influence or control over how GSA sets their rates. Rental payments paid by agencies go into a fund to be used for other real property management operations, such as rental of buildings, repairs and alterations, and acquisition of new facilities. The concept behind rental payments is that all agencies pay the market value of the space they occupy, so that

GSA will have the funds available to provide, in an efficient and coordinated way, for overall Federal space needs. However, in practice, agencies are paying prevailing commercial rental rates in order to subsidize the inflated cost of new construction and newly leased space, and to provide entirely for vacant space in GSA's inventory.

COMMITTEE RECOMMENDATIONS

The Committee recommends an appropriation of $34,495,000 for rental payments for the Food and Drug Administration. This amount is $9,868,000 greater than the fiscal year 1987 appropriation and the same as the budget estimate.

COMMODITY FUTURES TRADING COMMISSION

1987 appropriation	$29,761,000
1988 budget estimate	32,607,000
Committee recommendation	32,607,000

The Commodity Futures Trading Commission [CFTC] was established as an independent agency by the Commodity Futures Trading Commission Act of 1974 (88 Stat. 1389; 7 U.S.C. 4a).

The Commission administers the Commodity Exchange Act, 7 U.S.C. section 1, et seq., Futures Trading Commission Act of 1974, and the Futures Trading Act of 1978. The act brought under Federal regulation futures trading in all goods, articles, services, rights, and interests; commodity options trading; and leverage trading in gold and silver bullion and coins; and otherwise strengthened the regulation of the commodity futures trading industry. It established a comprehensive regulatory structure to oversee the volatile futures trading complex.

The purpose of the Commission is to protect and further the economic utility of futures markets by encouraging their efficiency, assuring their integrity, and protecting participants against manipulation, abusive trade practices, fraud, and deceit. The objective is to enable the markets better to serve their designated functions of providing a price discovery mechanism and providing price risk insurance. In properly serving these functions, the futures markets contribute toward better planning, more efficient distribution and consumption, and more economical marketing.

Programs in support of the overall mission include market surveillance analysis and research; registration, audits, and contract markets; enforcement; proceedings; legal counsel; agency direction; and administrative support services. CFTC activities are carried out in Washington, DC, four regional offices located in Chicago, New York, Kansas City, and Los Angeles; and a branch office located in Minneapolis.

COMMITTEE RECOMMENDATIONS

For the Commodity Futures Trading Commission, the Committee recommends $32,607,000, the same as the budget request and $2,846,000 more than the amount provided in 1987. This level of funding will enable the CFTC to keep pace with the growth in the size, diversity, and complexity of the futures and options markets and with the markets' increasing importance to international commerce.

FARM CREDIT ADMINISTRATION

LIMITATION ON REVOLVING FUND FOR ADMINISTRATIVE EXPENSES

1987 limitation	$39,420,000
1988 budget estimate	39,420,000
Committee recommendation	39,420,000

The Farm Credit Administration [FCA] is the independent agency in the executive branch of the Government responsible for the examination and regulation of the banks, associations, and other institutions of the Farm Credit System.

Activities of the Farm Credit Administration include the planning and execution of examinations of Farm Credit System institutions and the preparation of examination reports. FCA also establishes standards, enforces rules and regulations, and approves certain actions of the institutions.

The administration and the institutions under its jurisdiction now operate under authorities contained in the Farm Credit Act of 1971, Public Law 92–181, effective December 10, 1971. Public Law 99–205, effective December 23, 1985, restructured FCA and gave the agency regulatory authorities and enforcement powers.

The act provides for the farmer-owned cooperative system to make sound, adequate, and constructive credit available to farmers and ranchers and their cooperatives, rural residences, and associations and other entities upon which farming operations are dependent, and to modernize existing farm credit law to meet current and future rural credit needs.

All expenses of the Farm Credit Administration are paid by assessments collected from the banks of the Farm Credit System.

COMMITTEE RECOMMENDATIONS

For the limitation on administrative expenses of the Farm Credit Administration, the Committee recommends $39,420,000. This amount is the same as the limitation in 1987 and the same as the budget estimate.

TITLE VI—GENERAL PROVISIONS

Sections 601–631 of the general provisions contained in the accompanying bill are essentially the same as those included in previous appropriations bills. Section 608 is amended to make funds available until expended for the Conservation Reserve Program and for the contingencies under the Animal and Plant Health Inspection Service.

Section 632 amends the Food Security Act of 1985 with regard to nonprofit national rural development and finance corporations by extending the authorization for 1 year.

Section 633 requires the Secretary to make payments to producers of 1988 crop sunflower seed in the event national average market prices average less than 8 cents during the first 5 months of the marketing year, as determined by the Secretary. Payments to individual producers are subject to the $50,000 limitation applicable to other program crops. Total payments may not exceed the amount of $18,000,000, appropriated herein and available until expended.

The provision also requires the Secretary to determine, between 6 and 12 months after the date of implementation, whether the sunflower payments have had any effect on the traditional price and marketshare relationship between cottonseed (and cottonseed products) and sunflowers (and sunflower products). In the event cottonseed (or cottonseed product) prices and/or marketshare have decreased as a result of the sunflower payments, the Secretary is required to use existing authority to restore either or both to more normal and historical levels.

The Committee notes the severity of economic conditions confronting U.S. sunflower producers, and the expectation that, in the absence of the payments under this program, acreage planted to sunflowers will suffer further substantial declines in 1988. Due to sharply rising foreign competition for edible oil markets, domestic sunflower prices have been forced well below their historical relationship with other oilseeds. The impact of low prices on sunflower acreage is being exacerbated by the increased attractiveness of program crop production and the Conservation Reserve Program under the Food Security Act of 1985. Unless sunflower producers are assured a level of indemnification in the event low prices continue for the 1988 crop, the level of acreage planted next spring is unlikely to assure the continued survival of the industry, including operation of oilseed crushing facilities that depend on sunflowers as their primary raw material.

The Committee also fully recognized the well-documented price relationships between sunflowerseed, cottonseed, soybeans, and other oilseeds, and the importance of oil content and the price of these oilseeds to their producers. This close interrelationship suggests the possibility that the sunflower payments provided for the 1988 crop could have an impact on prices and marketshare for cottonseed. In such an event, the Committee wanted to ensure that authorized measures, including section 416 of the Agricultural Act of 1949, would be used in the effort to correct any declines attributable to the sunflower payments.

In section 634 the Committee recommends bill language requiring that any savings in the dairy price support program required by a sequester order issued pursuant to the Balanced Budget and Emergency Deficit Reduction Act of 1985 be achieved through an across-the-board assessment on all milk produced in the United States.

This procedure is identical to that used to achieve savings in the price support program pursuant to the sequestration for fiscal year 1986. Its adoption is necessary to ensure that any sequestration achieves the percentage of savings in the dairy program specified in the sequester order.

COMPLIANCE WITH PARAGRAPH 12, RULE XXVI OF THE STANDING RULES OF THE SENATE

Paragraph 12 of rule XXVI requires that Committee reports on a bill or joint resolution repealing or amending any statute or part of any statute include "(a) the text of the statute or part thereof which is proposed to be repealed; and (b) a comparative print of that part of the bill or joint resolution making the amendment and of the statute or part thereof proposed to be amended, showing by stricken-through type and italics, parallel columns, or other appropriate typographical devices the omissions and insertions which would be made by the bill or joint resolution if enacted in the form recommended by the committee."

1. The Committee recommends the following amendment to section 1323 of the Food Security Act of 1985, Public Law 99-198:

> SEC. 1323. (a)(1) [For the fiscal year ending September 30, 1987] *Prior to September 30, 1988,* the Secretary of Agriculture (hereafter in this section referred to as the "Secretary") shall guarantee loans made by public agencies or private organizations (including loans made by financial institutions such as insurance companies) to nonprofit national rural development and finance corporations that establish similar and affiliated statewide rural development and finance programs for the purpose of providing loans, guarantees, and other financial assistance to profit or nonprofit local businesses to improve business, industry, and employment opportunities in a rural area (as determined by the Secretary).
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> (5) Notwithstanding any provision to the contrary of subsection (4) above, the $20,000,000 which was available pursuant to subsection (4) shall continue to be available and shall be

used by the Secretary prior to [September 30, 1987] *September 30, 1988*, to guarantee loans for the national rural development and finance program and shall remain available until expended.

(b)(1) [For the fiscal year ending September 30, 1987] *Prior to September 30, 1988*, the Secretary shall make grants from funds transferred under paragraph (2), to national rural development and finance corporations for the purpose of establishing a rural development program to provide financial and technical assistance to complement the loan guarantees made to such corporations under subsection (a).

2. The Committee recommends amending section 4(i) of the Commodity Credit Corporation Charter Act (15 U.S.C. 714(b)(i)) as follows:

> (i) May borrow money subject to any provision of law applicable to the Corporation: *Provided*, That the total of all money borrowed by the Corporation, other than trust deposits and advances received on sales, shall not at any time exceed in the aggregate [$25,000,000,000] *$40,000,000,000*.

The Committee recommends an amendment to section 4 of the act of March 8, 1938 (15 U.S.C. 713a–4) as follows:

> With the approval of the Secretary of the Treasury, the Commodity Credit Corporation is authorized to issue and have outstanding at any one time, bonds, notes, debentures, and other similar obligations in an aggregate amount not exceeding [$25,000,000,000] *$40,000,000,000*.

3. The Committee recommends the following amendment to section 201(d)(2) of the Agricultural Act of 1949 (7 U.S.C. 1446(d)(2)):

> SEC. 1446. (2)(A) [During the period beginning on April 1, 1986, and ending on September 30, 1987,] *Beginning after March 31, 1986*, the Secretary shall provide for a reduction to be made in the price received by producers for all milk produced in the United States and marketed by producers for commercial use.
>
> (B) Except as provided in [subparagraph (E)] *subparagraphs (E) and (F)*, the amount of the reduction under subparagraph (A) in the price received by producers shall be—
>
> (i) the period beginning on April 1, 1986, and ending on December 31, 1986, 40 cents per hundredweight of milk marketed; and
>
> (ii) during the first 9 months of 1987, 25 cents per hundredweight of milk marketed.
>
> * * * * * * *
>
> *(F)(i) The Secretary—*
>
> *(I) notwithstanding the Balanced Budget and Emergency Deficit Control Act of 1985 and any order issued by the*

President under section 252 of such Act for a fiscal year; and

(II) in lieu of making any reduction in payments for the purchase of milk or the products of milk under this subsection during such fiscal year under any such order;

shall provide for the reduction (measured in cents per hundredweight of milk marketed) under subparagraph (A) during the period beginning on October 1 and ending on September 30 of such fiscal year as the sole means of achieving any reduction in budget outlays under the milk price-support program that otherwise would be required under either such order and only for the purpose of substituting for any reduction in payments made by the Secretary for the purchase of milk or the products of milk under either such order.

(ii) The aggregate amount of any reduction under subparagraph (A) resulting from the operation of clause (i) may not exceed the aggregate amount of the reduction in budget outlays under the milk price-support program, as estimated by the Secretary, that otherwise would have been achieved under either such order by reducing payments made by the Secretary for the purchase of milk or the products of milk under this subsection during such fiscal year.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988

[Amounts in dollars]

Item	Fiscal year 1987 enacted and supplementals	Budget estimate	Committee recom-mendation	Senate committee recommendation compared with (+ or -)	
				Total enacted	Budget estimate
(1)	(2)	(3)	(4)	(5)	(6)
TITLE I - AGRICULTURAL PROGRAMS					
Production, Processing and Marketing					
Office of the Secretary	1,683,000	1,872,000	1,872,000	+189,000	---
Investigations	10,000,000	---	---	-10,000,000	---
Office of the Assistant Secretary for Administration	470,000	524,000	524,000	+54,000	---
Rental Payments (USDA)	48,728,000	56,407,000	56,407,000	+7,679,000	---
Building Operations and Maintenance	18,239,000	21,645,000	21,645,000	+3,406,000	---
Advisory Committees (USDA)	1,408,000	1,308,000	1,308,000	-100,000	---
Departmental Administration	21,996,000	35,036,000	35,036,000	+13,040,000	---
Working Capital Fund	5,708,000	6,000,000	6,000,000	+292,000	---
Office of the Assistant Secretary for Governmental and Public Affairs	331,000	368,000	368,000	+37,000	---
Office of Governmental and Public Affairs:					
Public affairs	7,481,000	7,750,000	7,750,000	+269,000	---
Congressional Relations	465,000	512,000	512,000	+47,000	---
Intergovernmental affairs	440,000	478,000	478,000	+38,000	---

Total, Office of Governmental and Public Affairs	8,386,000	8,740,000	8,740,000	+354,000	---
Office of the Inspector General	45,483,000	50,092,000	50,092,000	+4,609,000	---
Office of the General Counsel	17,670,000	19,765,000	19,765,000	+2,095,000	---
Office of the Assistant Secretary for Economics	461,000	509,000	509,000	+48,000	---
Economic Research Service	44,977,000	48,723,000	48,923,000	+3,946,000	+200,000
National Agricultural Statistics Service	57,889,000	62,678,000	63,238,000	+5,349,000	+560,000
World Agricultural Outlook Board	1,644,000	1,790,000	1,790,000	+146,000	---
Office of the Assistant Secretary for Science and Education	363,000	403,000	403,000	+40,000	---
Agricultural Research Service	516,237,000	532,389,000	546,994,000	+30,757,000	+14,605,000
Special fund	2,000,000	2,000,000	2,000,000	---	---
Buildings and facilities	37,400,000	1,000,000	49,967,000	+12,567,000	+48,967,000
Total, Agricultural Research Service	555,637,000	535,389,000	598,961,000	+43,324,000	+63,572,000
Cooperative State Research Service	304,073,000	240,211,000	328,886,000	+24,813,000	+88,675,000
Buildings and facilities	30,200,000	---	---	-30,200,000	---
Extension Service	300,345,000	262,521,000	361,463,000	+61,118,000	+98,942,000
(Transfer from food stamp program)	(38,627,000)	---	---	(-38,627,000)	---
Total, Extension Service	(338,972,000)	(262,521,000)	(361,463,000)	(+22,491,000)	(+98,942,000)
National Agricultural Library	11,098,000	12,302,000	12,795,000	+1,697,000	+493,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recom-mendation (4)	Senate committee recommendation compared with (+ or −)	
				Total enacted (5)	Budget estimate (6)
Office of the Assistant Secretary for Marketing and Inspection Services	340,000	377,000	377,000	+37,000	---
Animal and Plant Health Inspection Service:					
Salaries and expenses	311,467,000	294,931,000	349,455,000	+37,988,000	+54,524,000
Buildings and facilities	2,246,000	2,347,000	2,347,000	+101,000	---
Total, Animal & Plant Health Inspection Service	313,713,000	297,278,000	351,802,000	+38,089,000	+54,524,000
Food Safety and Inspection Service	372,973,000	394,654,000	395,354,000	+22,381,000	+700,000
Federal Grain Inspection Service	6,826,000	7,081,000	7,081,000	+255,000	---
Inspection and Weighing Services (limitation on administrative expenses, from fees collected)	(36,829,000)	(36,856,000)	(36,856,000)	(+27,000)	---
Agricultural Cooperative Service	4,547,000	3,697,000	4,697,000	+150,000	+1,000,000
Agricultural Marketing Service:					
Marketing Services	31,435,000	32,819,000	32,819,000	+1,384,000	---
(Limitation on administrative expenses, from fees collected)	(28,878,000)	(30,628,000)	(30,628,000)	(+1,750,000)	---

Funds for strengthening markets, income, and supply (Section 32) (by transfer)...........	(7,343,000)	(7,660,000)	(7,660,000)	(+317,000)	---
(Increase in limitation)..................	---	---	---	---	---
Payments to States and possessions................	942,000	---	942,000	---	+942,000
Total, Agricultural Marketing Service...........	32,377,000	32,819,000	33,761,000	+1,384,000	+942,000
Office of Transportation.............................	2,397,000	1,361,000	2,397,000	---	+1,036,000
Packers and Stockyards Administration.................	9,081,000	9,369,000	9,369,000	+288,000	---
Total, Production, Processing and Marketing.....	2,229,043,000	2,112,919,000	2,423,563,000	+194,520,000	+310,644,000
Farm Income Stabilization					
Office of the Under Secretary for International Affairs and Commodity Programs......................	489,000	545,000	545,000	+56,000	---
Agricultural Stabilization and Conservation Service:					
(Transfer from Commodity Credit Corporation)......	(534,743,000)	(525,749,000)	(586,000,000)	(+51,257,000)	(+60,251,000)
Dairy indemnity program..........................	648,000	---	100,000	-548,000	+100,000
Total, Farm Income Stabilization................	535,880,000	526,294,000	586,645,000	+50,765,000	+60,351,000
CORPORATIONS					
Federal Crop Insurance Corporation:					
Administrative and operating expenses.............	209,568,000	214,995,000	214,995,000	+5,427,000	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recommendation (4)	Senate committee recommendation compared with (+ or −)	
				Total enacted (5)	Budget estimate (6)
Federal crop insurance corporation fund	135,743,000	284,823,000	284,823,000	+149,080,000	---
Total, Federal Crop Insurance Corporation	345,311,000	499,818,000	499,818,000	+154,507,000	---
Commodity Credit Corporation:					
Reimbursement for net realized losses 1/	25,361,995,000	21,133,658,000	21,133,658,000	-4,228,337,000	---
General Sales Manager (transfer from Commodity Credit Corporation)	(6,953,000)	(7,244,000)	(7,244,000)	(+291,000)	---
Sunflower Indemnity Program	---	---	18,000,000	+18,000,000	+18,000,000
Total, Farm Income Stabilization:					
New budget (obligational) authority	25,708,443,000	21,634,021,000	21,652,121,000	-4,056,322,000	+18,100,000
(By transfer)	(541,696,000)	(532,993,000)	(593,244,000)	(+51,548,000)	(+60,251,000)
Total, title I, Agricultural Programs:					
New budget (obligational) authority	27,937,486,000	23,746,940,000	24,075,684,000	-3,861,802,000	+328,744,000
(By transfer)	(580,323,000)	(532,993,000)	(593,244,000)	(+12,921,000)	(+60,251,000)
(Increase in limitation)	---	---	---	---	---
(Transfer from Sec. 32)	(7,343,000)	(7,660,000)	(7,660,000)	(+317,000)	---

(Limitation on obligations)................	(65,707,000)	(67,484,000)	(67,484,000)	(+1,777,000)	---
TITLE II - RURAL DEVELOPMENT PROGRAMS					
Rural Development Assistance					
Office of the Under Secretary for Small Community and Rural Development..................................	410,000	462,000	462,000	+52,000	---
Farmers Home Administration:					
Rural Housing Insurance Fund:					
Insured loans................................	(1,917,519,000)	---	(1,917,519,000)	---	(+1,917,519,000)
Site loans....................................	(574,000)	---	(574,000)	---	(+574,000)
Collection and servicing contracts (limitation on obligations)............................	(10,000,000)	---	(10,000,000)	---	(+10,000,000)
Rent supplement authorization (limitation)....	(275,310,000)	---	(275,310,000)	---	(+275,310,000)
Reimbursement for interest and other losses...	2,296,283,000	2,964,249,000	2,964,249,000	+667,966,000	---
Total, Rural Housing Insurance Fund:					
New budget (obligational) authority.....	2,296,283,000	2,964,249,000	2,964,249,000	+667,966,000	---
(Loan authorization).....................	(2,193,403,000)	---	(2,193,403,000)	---	(+2,193,403,000)
(Limitation on obligations).............	(10,000,000)	---	(10,000,000)	---	(+10,000,000)
Self-help Housing Land Development Fund...........	(500,000)	---	(500,000)	---	(+500,000)

1/ Requested in the FY 1987 and 1988 budget documents as a permanent indefinite appropriation.

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recommendation (4)	Senate committee recommendation compared with (+ or −): Total enacted (5)	Senate committee recommendation compared with (+ or −): Budget estimate (6)
Agricultural Credit Insurance Fund:					
Farm ownership loans:					
Insured	(75,000,000)	(130,000,000)	(130,000,000)	(+55,000,000)	---
Guaranteed	(325,000,000)	(390,000,000)	(390,000,000)	(+65,000,000)	---
Total, real estate loans	(400,000,000)	(520,000,000)	(520,000,000)	(+120,000,000)	---
Operating loans:					
Insured	(1,425,000,000)	(870,000,000)	(870,000,000)	(-555,000,000)	---
Guaranteed	(2,170,000,000)	(2,610,000,000)	(2,610,000,000)	(+440,000,000)	---
Total, operating loans	(3,595,000,000)	(3,480,000,000)	(3,480,000,000)	(-115,000,000)	---
Soil and Water Loans:					
Insured	(11,000,000)	---	(11,000,000)	---	(+11,000,000)
Guaranteed	(3,000,000)	---	(3,000,000)	---	(+3,000,000)
Total, soil and water loans	(14,000,000)	---	(14,000,000)	---	(+14,000,000)

Indian tribe land acquisition loans...........	(2,000,000)	---	(2,000,000)	---	(+2,000,000)
Emergency disaster loans......................	(695,000,000)	(600,000,000)	(600,000,000)	(-95,000,000)	---
Watershed and Flood Prevention................	(7,949,000)	---	(7,949,000)	---	(+7,949,000)
Resource Conservation Loans...................	(1,207,000)	---	(1,207,000)	---	(+1,207,000)
Reimbursement for interest and other losses...	1,723,403,000	3,627,153,000	3,627,153,000	+1,903,750,000	---
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Total, Agricultural Credit Insurance Fund:					
New budget (obligational) authority.....	1,723,403,000	3,627,153,000	3,627,153,000	+1,903,750,000	---
(Loan authorization)...................	(4,715,156,000)	(4,600,000,000)	(4,625,156,000)	(-90,000,000)	(+25,156,000)
	===============	===============	===============	===============	===============
Rural Development Insurance Fund:					
Water and sewer facility loans................	(330,380,000)	---	(330,380,000)	---	(+330,380,000)
Industrial development loans: Guaranteed......	(95,700,000)	---	(95,700,000)	---	(+95,700,000)
Community facility loans......................	(95,700,000)	---	(95,700,000)	---	(+95,700,000)
Reimbursement for interest and other losses...	656,645,000	842,682,000	842,682,000	+186,037,000	---
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Total, Rural Development Insurance Fund:					
New budget (obligational) authority.....	656,645,000	842,682,000	842,682,000	+186,037,000	---
(Loan authorization)...................	(521,780,000)	---	(521,780,000)	---	(+521,780,000)
	===============	===============	===============	===============	===============
Rural Development loan fund.......................	---	---	(16,500,000)	(+16,500,000)	(+16,500,000)
Rural water and waste disposal grants.............	109,395,000	---	109,395,000	---	+109,395,000
Rural industrial grants...........................	3,000,000	---	10,000,000	+7,000,000	+10,000,000
Very low-income housing repair grants.............	12,500,000	---	12,500,000	---	+12,500,000
Rural housing for domestic farm labor.............	9,513,000	---	9,513,000	---	+9,513,000
Mutual and self-help housing......................	8,000,000	---	8,000,000	---	+8,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recommendation (4)	Senate committee recommendation compared with (+ or −)	
				Total enacted (5)	Budget estimate (6)
Rural community fire protection grants	3,091,000	---	3,091,000	---	+3,091,000
Compensation for construction defects	713,000	---	713,000	---	+713,000
Rural rental assistance payments	---	378,130,000	---	---	-378,130,000
Rural housing preservation grants	19,140,000	---	20,000,000	+860,000	+20,000,000
Salaries and expenses	394,545,000	408,235,000	408,235,000	+13,690,000	---
(Transfer from loan accounts)	(4,000,000)	(4,000,000)	(4,000,000)	---	---
Total, salaries and expenses	(398,545,000)	(412,235,000)	(412,235,000)	(+13,690,000)	---
Total, Farmers Home Administration	5,236,228,000	8,220,449,000	8,015,531,000	+2,779,303,000	-204,918,000
Rural Electrification Administration:					
Rural electrification & telephone revolving fund:					
Direct loans:					
Insured loans:					
Electric	(622,050,000)	(258,000,000)	(622,050,000)	---	(+364,050,000)

Telephone	(239,250,000)	(32,000,000)	(239,250,000)	---	(+207,250,000)
Total, Insured loans	(861,300,000)	(290,000,000)	(861,300,000)	---	(+571,300,000)
Guaranteed loans:					
Electric:					
Federal Financing Bank	(813,450,000)	---	(813,450,000)	---	(+813,450,000)
Telephone:					
Federal Financing Bank	(119,625,000)	---	(119,625,000)	---	(+119,625,000)
Total, Guaranteed loans	(933,075,000)	---	(933,075,000)	---	(+933,075,000)
Reimbursement for interest and other losses	20,000,000	---	327,675,000	+307,675,000	+327,675,000
Rural telephone bank	28,710,000	---	28,710,000	---	+28,710,000
Direct loans (limitation on obligations)	(177,045,000)	(93,000,000)	(177,045,000)	---	(+84,045,000)
Rural communication development fund	1,591,000	1,309,000	1,309,000	-282,000	---
Office of the Administrator	154,000	---	---	-154,000	---
Salaries and expenses	29,293,000	27,052,000	31,140,000	+1,847,000	+4,088,000
Total, Rural Electrification Administration	79,748,000	28,361,000	388,834,000	+309,086,000	+360,473,000
Total, Rural Development Assistance:					
New budget (obligational) authority	5,316,386,000	8,249,272,000	8,404,827,000	+3,088,441,000	+155,555,000
(By transfer)	(4,000,000)	(4,000,000)	(4,000,000)	---	---
(Loan authorization)	(7,430,839,000)	(4,600,000,000)	(7,357,339,000)	(-73,500,000)	(+2,757,339,000)
(Limitation on obligations)	(10,000,000)	---	(10,000,000)	---	(+10,000,000)

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recom-mendation (4)	Senate committee recommendation compared with (+ or −)	
				Total enacted (5)	Budget estimate (6)
Conservation					
Office of the Assistant Secretary for Natural Resources and Environment	376,000	416,000	416,000	+40,000	---
Soil Conservation Service:					
Conservation operations	379,671,000	396,781,000	403,810,000	+24,139,000	+7,029,000
River basin surveys and investigations	12,051,000	8,287,000	12,051,000	---	+3,764,000
Watershed planning	8,651,000	5,508,000	8,651,000	---	+3,143,000
Watershed and flood prevention operations	177,128,000	49,910,000	184,128,000	+7,000,000	+134,218,000
Resource conservation and development	25,020,000	9,978,000	25,020,000	---	+15,042,000
Great Plains conservation program	20,474,000	2,813,000	20,474,000	---	+17,661,000
Total, Soil Conservation Service	622,995,000	473,277,000	654,134,000	+31,139,000	+180,857,000
Agricultural Stabilization and Conservation Service:					
Agricultural conservation program	176,935,000	---	176,935,000	---	+176,935,000
Forestry incentives program	11,891,000	---	11,891,000	---	+11,891,000
Water bank program	8,371,000	---	12,000,000	+3,629,000	+12,000,000
Emergency conservation program	10,000,000	---	1,000,000	-9,000,000	+1,000,000

Colorado River Basin salinity control program.....	3,804,000	---	6,000,000	+2,196,000	+6,000,000
Rural clean water program (rescission)............	-6,000,000	---	---	+6,000,000	---
Conservation reserve program......................	---	1,388,000,000	1,388,000,000	+1,388,000,000	---
Total, Agricultural Stabilization and Conservation Service.........................	205,001,000	1,388,000,000	1,595,826,000	+1,390,825,000	+207,826,000
Total, Conservation:					
New budget (obligational) authority.........	828,372,000	1,861,693,000	2,250,376,000	+1,422,004,000	+388,683,000
Total, title II, Rural Development Programs:					
New budget (obligational) authority.........	6,144,758,000	10,110,965,000	10,655,203,000	+4,510,445,000	+544,238,000
Definite appropriations.................	(6,150,758,000)	(10,110,965,000)	(10,655,203,000)	(+4,504,445,000)	(+544,238,000)
Rescission..............................	(-6,000,000)	---	---	(+6,000,000)	---
(By transfer)...............................	(4,000,000)	(4,000,000)	(4,000,000)	---	---
(Loan authorization)........................	(7,430,839,000)	(4,600,000,000)	(7,357,339,000)	(-73,500,000)	(+2,757,339,000)
(Limitation on obligations).................	(10,000,000)	---	(10,000,000)	---	(+10,000,000)
TITLE III - DOMESTIC FOOD PROGRAMS					
Office of the Assistant Secretary for Food and Consumer Services.................................	343,000	380,000	380,000	+37,000	---
Food and Nutrition Service:					
Child nutrition programs........................	897,423,000	1,106,614,000	657,423,000	-240,000,000	-449,191,000
(Transfer from sec. 32).....................	(3,295,937,000)	(3,368,612,000)	(3,817,803,000)	(+521,866,000)	(+449,191,000)
Amount available subject to budget request....	(40,257,000)	---	---	(-40,257,000)	---
Total, Child nutrition programs.............	(4,233,617,000)	(4,475,226,000)	(4,475,226,000)	(+241,609,000)	---

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item	Fiscal year 1987 enacted and supplementals	Budget estimate	Committee recommendation	Senate committee recommendation compared with (+ or −)	
				Total enacted	Budget estimate
(1)	(2)	(3)	(4)	(5)	(6)
Special milk program	18,295,000	33,974,000	21,500,000	+3,205,000	-12,474,000
Feeding program for Women, Infants and Children (WIC)	1,663,497,000	1,687,541,000	1,804,497,000	+141,000,000	+116,956,000
Commodity supplemental food program	41,497,000	34,590,000	47,732,000	+6,235,000	+13,142,000
Food stamp program	11,831,915,000	11,962,550,000	12,801,007,000	+969,092,000	+838,457,000
Nutrition assistance for Puerto Rico	852,750,000	825,000,000	879,750,000	+27,000,000	+54,750,000
Total, Food stamp program	12,684,665,000	12,787,550,000	13,680,757,000	+996,092,000	+893,207,000
Cash & Commodities for selected groups:					
Needy family program	56,432,000	52,891,000	55,530,000	-902,000	+2,639,000
Elderly feeding program	137,157,000	140,312,000	141,975,000	+4,818,000	+1,663,000
Total, Food donations programs	193,589,000	193,203,000	197,505,000	+3,916,000	+4,302,000
Temporary emergency food assistance program	50,000,000	---	50,000,000	---	+50,000,000
Food program administration	84,794,000	87,302,000	87,302,000	+2,508,000	---

Total, Food and Nutrition Service	15,633,760,000	15,930,774,000	16,546,716,000	+912,956,000	+615,942,000
Human Nutrition Information Service	6,985,000	8,674,000	8,674,000	+1,689,000	---
Total, title III, Domestic Food Programs:					
New budget (obligational) authority	15,641,088,000	15,939,828,000	16,555,770,000	+914,682,000	+615,942,000
Definite appropriations	(15,641,088,000)	(15,939,828,000)	(16,555,770,000)	(+914,682,000)	(+615,942,000)
Subject to budget request	(40,257,000)	---	---	(-40,257,000)	---
(Transfer from sec. 32)	(3,295,937,000)	(3,368,612,000)	(3,817,803,000)	(+521,866,000)	(+449,191,000)

TITLE IV - INTERNATIONAL PROGRAMS

Foreign Agricultural Service	83,783,000	85,511,000	100,000,000	+16,217,000	+14,489,000
Public Law 480:					
Title I and III - Credit sales:					
Program level	(834,727,000)	(852,000,000)	(852,000,000)	(+17,273,000)	---
Direct loans	(716,886,000)	(749,300,000)	(749,300,000)	(+32,414,000)	---
Ocean freight differential	(117,841,000)	(102,700,000)	(102,700,000)	(-15,141,000)	---
Appropriation	454,727,000	429,596,000	429,596,000	-25,131,000	---
Title II - Commodities for disposition abroad:					
Program level	(628,344,000)	(535,000,000)	(630,000,000)	(+1,656,000)	(+95,000,000)
Appropriation	628,344,000	535,000,000	630,000,000	+1,656,000	+95,000,000
Total, Public Law 480:					
Program level	(1,463,071,000)	(1,387,000,000)	(1,482,000,000)	(+18,929,000)	(+95,000,000)
Appropriation	1,083,071,000	964,596,000	1,059,596,000	-23,475,000	+95,000,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item	Fiscal year 1987 enacted and supplementals	Budget estimate	Committee recom-mendation	Senate committee recommendation compared with (+ or −)	
				Total enacted	Budget estimate
(1)	(2)	(3)	(4)	(5)	(6)
Office of International Cooperation and Development	5,149,000	3,748,000	5,592,000	+443,000	+1,844,000
Scientific activities overseas (foreign currency program)	2,500,000	---	2,500,000	---	+2,500,000
Total, title IV, International Programs:					
New budget (obligational) authority	1,174,503,000	1,053,855,000	1,167,688,000	-6,815,000	+113,833,000
TITLE V - RELATED AGENCIES					
DEPARTMENT OF HEALTH AND HUMAN SERVICES					
Food and Drug Administration:					
Salaries and expenses	423,803,000	454,109,000	454,109,000	+30,306,000	---
Buildings and facilities	1,879,000	1,450,000	1,450,000	-429,000	---
Rental payments (FDA)	24,627,000	34,495,000	34,495,000	+9,868,000	---
Total, Food and Drug Administration	450,309,000	490,054,000	490,054,000	+39,745,000	---
INDEPENDENT AGENCIES					

Commodity Futures Trading Commission	29,761,000	32,607,000	32,607,000	+2,846,000	---
Farm Credit Administration (limitation on administrative expenses)	(39,420,000)	(39,420,000)	(39,420,000)	---	---
Total, title V, Related Agencies:					
New budget (obligational) authority	480,070,000	522,661,000	522,661,000	+42,591,000	---
(Limitation on obligations)	(39,420,000)	(39,420,000)	(39,420,000)	---	---

RECAPITULATION

Grand Total:					
New budget (obligational) authority	51,377,905,000	51,374,249,000	52,977,006,000	+1,599,101,000	+1,602,757,000
Definite appropriations	(51,383,905,000)	(51,374,249,000)	(52,977,006,000)	(+1,593,101,000)	(+1,602,757,000)
Rescission	(-6,000,000)	---	---	(+6,000,000)	---
Subject to budget request	(40,257,000)	---	---	(-40,257,000)	---
(By transfer)	(584,323,000)	(536,993,000)	(597,244,000)	(+12,921,000)	(+60,251,000)
(Loan authorization)	(7,430,839,000)	(4,600,000,000)	(7,357,339,000)	(-73,500,000)	(+2,757,339,000)
(Limitation on obligations)	(115,127,000)	(106,904,000)	(116,904,000)	(+1,777,000)	(+10,000,000)
Title I - Agricultural programs	27,937,486,000	23,746,940,000	24,075,684,000	-3,861,802,000	+328,744,000
Title II - Rural development programs	6,144,758,000	10,110,965,000	10,655,203,000	+4,510,445,000	+544,238,000
Title III - Domestic food programs	15,641,088,000	15,939,828,000	16,555,770,000	+914,682,000	+615,942,000
Title IV - International programs	1,174,503,000	1,053,855,000	1,167,688,000	-6,815,000	+113,833,000
Title V - Related agencies	480,070,000	522,661,000	522,661,000	+42,591,000	---
Total, new budget (obligational) authority	51,377,905,000	51,374,249,000	52,977,006,000	+1,599,101,000	+1,602,757,000

COMPARATIVE STATEMENT OF NEW BUDGET (OBLIGATIONAL) AUTHORITY FOR FISCAL YEAR 1987 AND BUDGET ESTIMATES AND AMOUNTS RECOMMENDED IN THE BILL FOR FISCAL YEAR 1988—Continued

[Amounts in dollars]

Item (1)	Fiscal year 1987 enacted and supplementals (2)	Budget estimate (3)	Committee recommendation (4)	Senate committee recommendation compared with (+ or −)	
				Total enacted (5)	Budget estimate (6)
Transfer from sec. 32 (Customs Receipts)........	3,303,280,000	3,376,272,000	3,825,463,000	+522,183,000	+449,191,000
Total obligational authority....................	54,681,185,000	54,750,521,000	56,802,469,000	+2,121,284,000	+2,051,948,000
Memoranda:					
Direct and insured loan level...............	5,616,654,000	1,983,000,000	5,038,154,000	-578,500,000	+3,055,154,000
Guaranteed loan level.......................	3,526,775,000	3,000,000,000	4,031,775,000	+505,000,000	+1,031,775,000
Transfers from Commodity Credit Corporation.	534,743,000	525,749,000	586,000,000	+51,257,000	+60,251,000

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